

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Huron-Clinton Metropolitan Authority	County Livingston
Fiscal Year End 12/31/06	Opinion Date 4/27/07	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) Rehmann Robson		Telephone Number 248-952-5000		
Street Address 5750 New King St.		City Troy	State MI	Zip 48098
Authorizing CPA Signature Thomas Darling, CPA <small>Digitally signed by Thomas Darling, CPA DN: cn=Thomas Darling, CPA, c=US, o=Rehmann Robson, email=tdarling@rehmann.com Date: 2007.06.15 12:15:29 -04'00'</small>		Printed Name Tom Darling		License Number A246550

**HURON-CLINTON
METROPOLITAN AUTHORITY,
MICHIGAN**



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2006**

**SUBMITTED TO THE
HURON-CLINTON METROPOLITAN AUTHORITY
BOARD OF COMMISSIONERS**

**William E. Kreger – Chairman – Wayne County
John C. Hertel – Vice Chairman – Governor Appointee
Harry E. Lester – Treasurer – Governor Appointee
John E. La Belle – Livingston County
Robert W. Marans – Washtenaw County
Anthony V. Marrocco – Macomb County
Peter S. Walters – Oakland County**

**Prepared by the Huron-Clinton Metropolitan Authority
Controller's Department**



**Huron - Clinton
Metropolitan Authority, Michigan
Comprehensive Annual Financial Report
For the Year Ended December 31, 2006**

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Huron-Clinton Metropolitan Authority, Michigan

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Huron-Clinton
Metropolitan Authority
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

HURON - CLINTON METROPOLITAN AUTHORITY



COMMISSIONERS

WILLIAM E. KREGER, *Chairman*
JOHN C. HERTEL, *Vice Chairman*
HARRY E. LESTER, *Treasurer*
JOHN E. LA BELLE
ROBERT W. MARANS
ANTHONY V. MARROCCO
PETER S. WALTERS

April 27, 2007

To the Board of Commissioners, Director and Citizens of the Huron-Clinton Metropolitan Authority Park District:

State law requires that all local governmental units, including authorities such as the Huron-Clinton Metropolitan Authority, publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Huron-Clinton Metropolitan Authority for the fiscal year ended December 31, 2006. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section, which is unaudited, includes the letter of transmittal, an organizational chart and a list of the Huron-Clinton Metropolitan Authority's principal appointed officials. The financial section includes the financial statements and schedules, as well as the independent auditor's report on these financial statements and schedules. The Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it. The statistical section, which is unaudited, includes selected financial information, generally presented on a multi-year basis.

The financial reporting entity of the Huron-Clinton Metropolitan Authority includes all funds of the Huron-Clinton Metropolitan Authority. The Authority is a special district form of government operating independently of all other governmental agencies. It provides a full range of recreational activities in the five-county region surrounding metro Detroit.

GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION AND OUTLOOK

The Huron-Clinton Metropolitan Authority was sanctioned by Public Act 147 of Public Acts 1939. This Act provided for the incorporation of the Huron-Clinton Metropolitan Authority to permit the counties of Livingston, Macomb, Oakland, Washtenaw and Wayne to join in a metropolitan district for planning, promoting and/or acquiring, constructing, owning, developing, maintaining and operating, either within or without their limits, parks, connecting drives and/or limited access

highways; and to provide for the assessment, levy and collection of property taxes on both real and personal properties located within its boundaries. A referendum was held on November 5, 1940 on the proposed Huron-Clinton Metropolitan Authority. The citizens of the five-county district approved the creation of the Huron-Clinton Metropolitan Authority.

The governing body of the Huron-Clinton Metropolitan Authority is a seven member Board of Commissioners. Two Commissioners, who serve as representatives at large, are appointed by the Governor of Michigan and serve four-year terms. Each of the five member counties, through their respective Board of Commissioners, appoints a Commissioner to serve a six-year staggered term. Public meetings of the Board of Commissioners are held on the second Thursday of each month. The Board of Commissioners is responsible, among other things, for setting policy, adopting the budget, setting fees, approving contracts, land acquisition and expenditures, planning of new parks and facilities and appointing four staff officers – Director, Deputy Director, Secretary and Controller.

The Director is responsible for carrying out the policies of the Board of Commissioners, for overseeing the day-to-day operations of the park system, hiring all full time employees and approving all purchase commitments of the Authority. The Deputy Director oversees all park operations/activities. The Secretary keeps minutes of all Board of Commissioner meetings, is the official custodian of all records of the Authority, coordinates the recording of all property owned by the Authority and certifies all payment vouchers prior to approval by the Board of Commissioners. The Controller is responsible for maintaining all financial accounting records of the Authority, collecting all revenues due the Authority, investing all Authority funds, issuing payment vouchers for goods, services and payrolls, maintaining property/casualty insurances and serves as the Pension Plan Trustee.

Named after the two longest rivers within its boundaries, the Authority's main endeavor is to provide a variety of recreational opportunities through the development of natural resources along the Huron and Clinton Rivers for the benefit of the 4.5 million citizens of the five-county park district located in southeastern Michigan. Since its inception, the Authority has created thirteen Metroparks covering over 24,000 acres within the 1,600 square mile watershed area of the Huron and Clinton Rivers. These Metroparks have been developed on the best natural resources available, considering population trends and changing needs within the district with a minimum disruption of existing land use. The Authority is a dynamic and changing organization striving to provide new facilities and better service, but the basic philosophy of utilizing the best natural resource areas possible to provide a broad range of regional outdoor activities has not changed. This was the widely understood reason and purpose of establishing the organization and has been carefully followed by its Board of Commissioners throughout its history.

The characteristics of the Metroparks are different from recreation supplied by most other units of government or by the private sector. Generally, Metroparks are fairly large in size and offer a blend of natural resources such as lake, river, woods or wildlife area with constructed facilities that provide for more intensive recreational pursuits such as swimming, golfing, bicycling, cross-country skiing or other outdoor recreation. These Metroparks are within an hour's drive for most of the residents of the region and are considered "day use" parks.

The Metroparks range in size from 53 acres at Delhi Metropark to over 4,400 acres at Stony Creek Metropark. The larger Metroparks are designed to accommodate crowds of 35,000 or more on peak use days. In fiscal year 2006, the Metropark system provided recreation for over 8.7 million park visitors.

The Authority's centralized Administrative Office coordinates the development and operation of all thirteen Metroparks. The following departments are housed at the Administrative Office: (1) Executive; (2) Controllers; (3) Engineering; (4) Planning; (5) Human Resources; (6) Graphic Arts; (7) Information; (8) Purchasing; (9) Computer Services; (10) Development/Community Relations; (11) Police; and (12) Interpretive Services.

The day-to-day administration, operation and maintenance of each Metropark is coordinated through six park offices. These offices oversee all on-site park activities, operations and maintenance of buildings, roads and grounds.

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment in which the Huron-Clinton Metropolitan Authority operates. To say that the state of Michigan and, in particular, southeast Michigan's economy has fallen on hard times would be an understatement. The unprecedented restructuring of the domestic auto industry and related segments has put Michigan's state government in a financial crisis. Michigan remains more dependent on the auto and auto part manufacturing than any other state in the nation. Fierce global competition of this state's leading industry has caused the domestic auto makers to lose significant market share in the last 13 years, declining from 74% to 52%. Michigan has lost jobs for eight straight years, with nearly 49,000 jobs lost in 2006 alone. Overall, Michigan has lost 218,000 high-paying manufacturing jobs since 2000. No other state in the nation has experienced this. Unfortunately, this trend is expected to continue as auto makers continue to "right size" production facilities. Michigan has the nation's highest unemployment rate at over 7%. The impact of corporate downsizing, restructuring, bankruptcies and layoffs/retirement incentives are reverberating through all segments of southeast Michigan's economy. This slumping economy has led to (1) falling home values, (2) a dramatic increase in home foreclosures, (3) a 50% decline in new housing permits in 2006, and (4) a decline of nearly 10,000 residents in the Authority's five-county region. The pattern of population change in southeast Michigan continues to show that the city of Detroit and its mature suburbs have lost population, while outlying communities have continued to experience growth due to urban sprawl. However, this shift is taking place at a much slower pace than in the past.

The effect of this reeling economy will eventually translate into a slower growth of Authority property tax revenues. To date, the Authority is still experiencing a growth in tax revenues due to Proposal A, which permits the growth of taxable values equal to the rate of inflation. Assessed values on existing properties have not fallen below taxable values, which translates into some additional growth of Authority tax revenues.

Given all these variables in our region, it is felt that southeast Michigan will remain a busy recreational playground due to the economy, natural features and water resources. The Metropark system will continue to play an important role in providing recreational opportunities

for our residents and enhancing the overall quality of life. It is expected that residents will seek quality recreational opportunities closer to home at their 13 Metroparks.

A recent report by the Southeast Michigan Council of Governments (SEMCOG), the regional planning agency, indicates that there will be a major shift in the age mix of the population served by the Metropark system. It is predicted that over one-third of the population in southeast Michigan will be over 55 by year 2030. Current 2006 United States Census Bureau estimates are that the five-county population dropped to 4,548,000 residents. The Authority hopes to serve more of these residents as they age.

MAJOR INITIATIVES

The Authority's staff, following directions from the Board of Commissioners and the Authority's Director, has been involved in a variety of capital projects throughout the year. These projects reflect the Authority's ongoing commitment to providing quality public recreational facilities and services in a well-maintained and safe environment to the citizens of southeast Michigan. Many of these projects relate to the Authority's emphasis on replacing worn out, outdated recreation facilities. The major activities and accomplishments during 2006 included:

1. The single largest individual construction project in the history of the Authority was let in July 2006. This \$8.8 million project will construct a Family Aquatic Center at Lower Huron Metropark. This center will be known as "Turtle Cove." It will consist of (1) an activity pool, (2) a lazy river, (3) two water slides, (4) a splash pad, (5) bathhouse, (6) concessions/administration building, (7) mechanical building, (8) parking lot, and (9) plaza/deck. The construction of this project started in earnest in 2006 with \$2,236,000 expended. Completion of this project is scheduled for summer of 2008.

2. The Authority recognized the net value of assets totaling \$1,320,000 transferred from Stony Creek Golf Course, Inc. The Stony Creek Metropark Golf Course was developed and operated by a concessionaire since 1976. The long-term lease expired November 30, 2006, with all assets – golf starter building, golf maintenance building, golf car building, golf pump house and 18-hole golf course – reverting to the Authority.

3. The construction of a new Aquatic Play Area at Kensington Metropark's Martindale Beach continued in 2006, with \$1,165,000 expended. This Aquatic Play Area will feature 40 water spray features, two water slides with surrounding plaza and walks. Cumulative construction costs total \$2.6 million, with completion expected by summer of 2007.

4. At Stony Creek Metropark, the complete reconstruction of the bridge decks at the North and South Dam bridges was completed at a 2006 cost of \$1,078,000. This reconstruction included the approach roadways, bike trails, bridge railings and safety barriers.

5. The original Nature Center at Stony Creek Metropark is being replaced with a new 6,100 square foot, \$1.7 million Nature Center that will feature expanded exhibit space, classrooms and restrooms. This project started mid-year 2005, with 2006 expenditures totaling \$1,028,000.

6. The replacement of the Food Concession Building at Kensington Metropark's Farm Center continued in 2006, with another \$459,000 expended. The new Food Concession Building will be a 2,100 square foot building with a completion date of summer 2007.

7. The Authority's hike/bike trails, roadways and service areas were upgraded with paving and reconstruction projects at five parks for a cost of \$1,120,000.

8. Improvements to the Wolcott Mill Metropark Golf Course continued, with \$96,000 of new asphalt golf car paths and \$150,000 for a driving range.

9. At Indian Springs Metropark, work continued on the Environmental Discovery Center, the Adventure Play Area and the Environmental Study Area, where another \$296,000 of capital funds were expended.

10. The Authority remains committed to replacing trees lost to the emerald ash borer by expending \$141,000 on replacement trees throughout the park system.

11. It was a light year for land acquisitions, where only one purchase took place, adding five acres with house at Indian Springs Metropark at a cost of \$214,000.

12. During 2006, a total of \$2.5 million was spent equipping the Metropark system. Heavy equipment purchases accounted for \$1.7 million of expenditures, while auto and truck acquisitions held steady at \$0.5 million.

13. Under the Authority's Capital Projects Fund-Supplemental Major Maintenance, a major \$2.3 million project was started to completely replace the water distribution system at Lower Huron Metropark. This project will replace water mains, pump stations, meters and hydrants throughout Lower Huron Metropark. In addition, various sections of the sanitary sewer system will be replaced. This project is essential to provide adequate water supply to the new Family Aquatic Center being constructed to replace the 50-year-old Lower Huron pool. During 2006, \$1,329,000 was expended on this project. Related to this project was the expenditure of \$146,000 in engineering costs for the design of the replacement of the Lower Huron water distribution system.

14. Major repairs to Authority buildings, roadways, hike/bike trails, fuel dispensing systems, well and electrical systems ran \$693,000 during 2006.

15. The Authority established the Retiree Health Care Plan and Trust effective October 1, 2005. This Plan and Trust was created under the authority of the Public Employee Health Care Fund Investment Act, Public Act 149 of 1999 and constitutes a governmental trust pursuant to Section 115 of the Internal Revenue Code of 1986. The Plan operates on a September 30th fiscal year end and completed its first year of existence on September 30, 2006. To start the funding of Authority retiree health care costs, the Authority transferred \$4,490,300 during the Plan year ended September 30, 2006. The Plan and Trust was established for the

exclusive purpose of enabling the Authority to fund retiree health care benefits for eligible retirees and spouses.

16. Finally, and not least, the direct operation and maintenance of the Authority's 13 Metroparks were funded at a level of service that continued to offer the public quality recreational experiences in well-maintained and safe environments. A total of \$29.6 million was expended on providing park maintenance and recreational services to 8.7 million park visitors in 2006.

FINANCIAL INFORMATION

Management of the Authority is responsible for establishing and maintaining internal controls designed to ensure that the assets of the Authority are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

FEDERAL FINANCIAL ASSISTANCE

The Authority did not receive any Federal financial assistance during 2006 that required the independent auditor to issue a Single Audit Report.

BUDGET

The annual budget serves as the foundation for the Huron-Clinton Metropolitan Authority's financial planning and control. The budget process is multi-faceted, involving all units of the Authority. The Authority's Planning and Engineering Department, in conjunction with park operating units, develops capital improvement and major maintenance project listings that are costed out by the end of September. These project listings are reviewed and finalized by mid-October. After a complete inspection of Authority equipment during September, the equipment budget is developed. Equipment budget requests are reviewed and finalized by the end of October. All park operating units of the Huron-Clinton Metropolitan Authority are required to submit park operation budget requests to the Controller's office near the end of October. The Controller utilizes these requests, along with capital budget requests, as the starting point for developing a proposed General Fund budget. The Controller conducts budget review meetings and presents the proposed budget to the Board of Commissioners at the December Board meeting. A public hearing on the proposed budget is conducted prior to the December Board meeting. The appropriated budget is a line item budget prepared by fund, category (i.e., capital improvements, park operations), department/park (i.e., Metro Beach, Kensington), sub-department/activity (i.e., golf course, regulatory) and object (i.e., full time wages, utilities). The Director is authorized to make budgetary transfers between line item appropriations. All budgetary appropriation transfers by category are approved by the Board of Commissioners on a

quarterly basis. Budget-to-actual comparisons are provided in this report for the General Fund and Capital Projects Fund. The Authority maintains an encumbrance accounting system and a work order system for capital construction type projects to assist in maintaining budgetary control.

The Board of Commissioners has also established a Capital Projects Fund called the Supplemental Major Maintenance Fund to account for all oil/gas royalty revenues. These revenues are restricted for accomplishing large infrastructure repairs (over \$200,000) within the Metropark system. Infrastructure repair projects are evaluated on the basis of need and require Board of Commission approval.

LONG-TERM FINANCIAL PLANNING

The Huron-Clinton Metropolitan Authority employs a Five-Year Regional Recreation Plan to provide long term recreational and financial planning for the Metropark system. During 2002, a great deal of Staff's time was spent developing a new Five-Year Plan covering the years 2003 to 2007. The development of the Five-Year Plan is a planning process that is a joint effort involving the general public, park staff, Administrative Office staff, Planning, Engineering and the Board of Commissioners. The cornerstone of this Five-Year Plan is a Park User/Non-User Telephone Survey of the five county area, which was conducted by Morpace International, Inc. The Authority's Administrative Staff developed a preliminary Five-Year Plan, which was reviewed at a special workshop meeting held by the Board of Commissioners. After much discussion and further meetings, the financial projection section of the Authority's Five-Year Plan was approved in August 2002. A major shift was made in the allocation of capital improvement funds. Due to the large amount of aging infrastructure within the Metropark system, the Five-Year Plan emphasized renovation/redevelopment/restoration type projects rather than new park developments. Two-thirds of the anticipated capital improvement funds for the five years were allocated to these types of projects. The Five-Year Plan represents a balanced plan that addresses many different areas, such as:

- ◆ Maintains present high standards of maintenance and service levels for existing park operations.
- ◆ Provides funds to complete development of capital improvement projects started prior to 2003.
- ◆ Provides operational funds for new Metropark facilities as they are completed, such as Indian Springs Environmental Education Center, Kensington Aquatic Play Area, Stony Creek Golf Course and Lower Huron Aquatic Complex.
- ◆ Maintains a functional fleet of equipment plus equipping new facilities.
- ◆ Funds replacement of major facilities at Lower Huron Swimming Pool, Stony Creek Nature Center, Kensington Golf Starter Building, Metro Beach Group Rental and Senior areas, Metro Beach South Marina and Kensington Martindale Beach Aquatic Complex.

- ◆ Continues a program of replacing/upgrading vault latrines with flush toilet Comfort Stations.
- ◆ Provides funds to secure Authority park boundaries with fencing.
- ◆ Provides funds for various natural resource management projects.

GENERAL FUND BALANCE

In keeping with fiscally responsible budgeting practices, the Authority actively funds a Reserve for Future Contingency account to set aside funds to meet unanticipated/underbudgeted expenditures, emergencies and/or revenue shortfalls. The Authority's goal is to maintain this account at 5% of the general fund budget appropriations.

At the end of 2006, these unreserved funds which are undesignated totaled \$2.4 million, a decrease of \$0.4 million from 2005's level. The Authority's adopted 2007 Budget will retain additional 2007 funds to put the Authority's Reserve for Future Contingencies account back up to \$3.7 million – 5% of the general fund budget.

CAPITAL PROJECTS FUND

The Authority utilizes a Capital Projects Fund to record supplemental major maintenance projects that are non-recurring expenditures to repair/replace existing Metropark infrastructure. As designated by the Authority's Board of Commissioners, oil/gas royalty revenues are earmarked to fund these large projects.

During 2006, \$768,000 of royalty payments were received, with generated investment income totaling \$267,000. The major project in 2006 was the replacement of the water distribution system at Lower Huron Metropark, where \$1,329,000 was expended.

At the end of 2006, the unappropriated balance of the Supplemental Major Maintenance Reserve stood at \$5.0 million.

FIDUCIARY FUNDS

The Authority maintains a single employer, defined benefit pension plan, which is reported in the Pension Trust Fund based on its September 30 fiscal year end. An actuarial study determines the funding required by the Authority to meet its future benefit obligations. For the Plan year ended September 30, 2006 the Authority's required contribution was \$1,535,961. In the most recent Actuarial Valuation Report for the September 30, 2006 Plan year, the total estimated Actuarial Accrued Liability was \$44,727,000. Total Plan assets at this time were \$33,132,000. One method of assessing the financial strength of a pension plan is to determine the percentage of liabilities that has been funded. This percentage for the Authority's Plan at September 30, 2006 was 74.1%, compared to 74.2% one year earlier.

The Authority established the Retiree Health Care Plan and Trust effective October 1, 2005. This Plan and Trust constitutes a governmental trust pursuant to Section 115 of the Internal Revenue Code of 1986. It was created under the authority of the Public Employee Health Care Fund Investment Act, Public Act 149 of 1999. The Plan and Trust was established to allow for the Authority's funding of eligible retiree and spouse health care benefits. An actuarial valuation was performed as of October 1, 2003 with the total estimated actuarial accrued liability of the Authority postemployment health benefits established as \$37.1 million. At the end of the Plan's first fiscal year, Plan assets stood at \$4,819,000. The Authority continues to fund postemployment benefits on a pay-as-you-go basis.

CASH MANAGEMENT

It is the policy of the Authority to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow needs of the Authority and comply with all State statutes governing the investment of public funds consistent with the Authority's Investment Policy.

Cash temporarily idle during the year was invested in certificates of deposit, pooled investment funds and U.S. Agency issues. The Authority earned \$1,737,000 on all general fund investments for the year 2006.

RISK MANAGEMENT

The Authority purchases all of its property/casualty insurance coverages through various commercial insurance carriers. The majority of the coverages are underwritten by CNA Insurance Companies.

Major policies and their limits of coverage include:

- | | | |
|----|----------------------------|---|
| 1. | General Liability | \$1,000,000/occurrence
\$2,000,000 aggregate |
| 2. | Excess Umbrella Liability | \$20,000,000/occurrence/aggregate |
| 3. | Public Officials Liability | \$11,000,000/occurrence/aggregate
\$9,000,000 excess |
| 4. | Fiduciary Liability | \$2,000,000/occurrence/aggregate |
| 5. | Law Enforcement Liability | \$11,000,000/occurrence/aggregate |
| 6. | Automobile | \$1,000,000 single limit |
| 7. | Property/Casualty | \$62.1 million |
| 8. | Workers Compensation | Statutory limits |

9.	Employee Dishonesty	\$1,000,000
10.	Underground Storage Tank Pollution Liability	\$1,000,000/occurrence \$2,000,000 aggregate
11.	Pollution Liability	\$5,000,000/occurrence/aggregate

These coverages are reviewed and evaluated annually by an independent insurance consultant.

DEBT

The Authority has not issued any bonded debt. The Authority's Enabling Act restricted debt issues to only revenue bonds. Over the years, the Authority has never felt it necessary to issue revenue bonds as a means of financing recreational facilities. Rather, the Authority has always operated on a "pay-as-you-go" basis, meaning no Authority taxes or revenues have been utilized to service debt issues.

PENSION AND OTHER POSTEMPLOYMENT BENEFITS

The Authority sponsors a single employer defined benefit pension plan for all its full time employees. Annually, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the Authority must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the Authority fully funds each year's annual required contribution to the pension plan as determined by the actuary.

The Authority also provides postretirement health, dental care, vision and life insurance benefits for retirees and their dependents. As of the end of the current fiscal year, there were 117 retired employees/spouses receiving these benefits, which are financed on a pay-as-you-go basis.

Additional information on the Authority's pension plan and postemployment benefits can be found in notes V.D. and E.

OTHER INFORMATION

Independent Audit

State statute requires an annual audit by an independent certified public accountant. The accounting firm of Rehmann Robson was selected by the Board of Commissioners. The audit is conducted in accordance with generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. The audit will meet the requirements set forth by State statute and will include tests of the accounting records of the Authority and other procedures necessary for Rehmann Robson to express an opinion on the financial statements.

The auditor's report on the financial statements, required supplementary information and supplemental schedules are included in the **FINANCIAL SECTION** of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Huron-Clinton Metropolitan Authority for its comprehensive annual financial report for the year ended December 31, 2005. This was the fifth consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this comprehensive annual financial report on a timely basis was a major undertaking for the Authority's Controllers Department. In particular, the extra efforts of Chief Accountant Rebecca Franchock, Accountant Betty Dobar and Secretary Karen George were absolutely essential. The guidance from our independent auditors, Rehmann Robson, was also necessary to direct us through the compilation of our comprehensive annual financial report. These extra efforts are much appreciated.

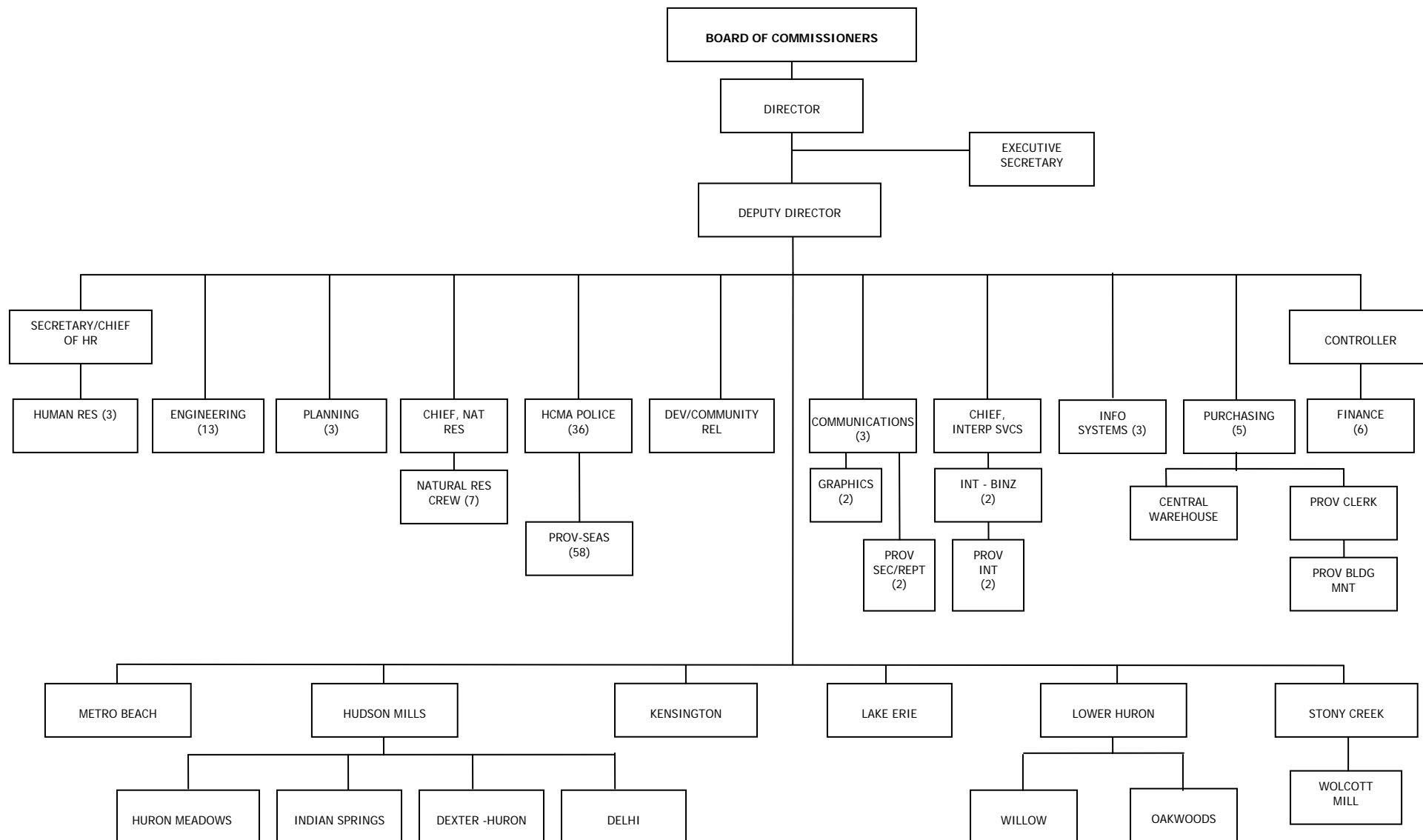
Finally, without the leadership and support of the Board of Commissioners, preparation of this report would not have been possible.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'David L. Wahl', with a long horizontal line extending to the right.

David L. Wahl
Controller

HURON-CLINTON METROPOLITAN AUTHORITY TABLE OF ORGANIZATION – 2007



HURON-CLINTON METROPOLITAN AUTHORITY
2006
PRINCIPAL OFFICERS

<u>UNIT – TITLE</u>	<u>NAME OF OFFICIAL</u>
Administrative Staff	
Director	James J. Bresciami
Deputy Director	David C. Moilanen
Secretary-Chief of Human Resources	Gregory J. Almas
Controller	David L. Wahl
Supervising Graphic Artist	LaChelle Barton Thomas
Information Systems Manager	Nolan L. Clark
Chief Planner	Susan H. Nyquist
Supervising Park Planner	James A. Kropp
Chief Accountant	Rebecca L. Franchock
Chief Engineer	Michael A. Arens
Supervising Field Engineer	Thomas R. Asiala
Chief of Natural Resources	Paul J. Muelle
Purchasing Manager	Scott W. Michael
Chief of Interpretive Services	C. Michael George
Chief of Communications	Denise H. Semion
Administrator, Development and Community Relations	Jack C. Liang
Chief of Police	Howard F. Chanter
Metro Beach Metropark	
Park Superintendent	James W. Pershing
Assistant Park Superintendent	Jeffrey D. Linn
Maintenance Supervisor	Mark V. Lietaert
Stony Creek and Wolcott Mill Metroparks	
Park Superintendent	Donald R. Potter
Assistant Park Superintendent	Michael G. Lyons
Maintenance Supervisor	David B. Kirbach
Deputy Chief of Police/Eastern District Commander	George M. Ruhana
Lower Huron, Willow and Oakwoods Metroparks	
Park Superintendent	Richard E. Sobecki
Assistant Park Superintendent	Jeffrey W. Schuman
Maintenance Supervisor	Joseph B. Jolly
Kensington Metropark	
Park Superintendent	Richard J. Shafer
Assistant Park Superintendent	Brian L. Kelly
Maintenance Supervisor	Scott J. Strudgeon
Western District Commander	Victor S. Hess
Commander of Special Projects	Harley B. Rider
Hudson Mills, Dexter-Huron, Delhi, Indian Springs and Huron Meadows Metroparks	
Park Superintendent	Kimberly A. Jarvis
Assistant Park Superintendent	Jerome M. Cyr
Maintenance Supervisor	Charles E. McDiarmid
Lake Erie Metropark	
Park Superintendent	Nancy A. Schaible
Assistant Park Superintendent	Tonja M. Molnar
Maintenance Supervisor	Michael S. O'Boyle
Southern District Commander	Barrie F. Roberson

Financial Section



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

INDEPENDENT AUDITORS' REPORT

April 27, 2007

To the Board of Commissioners
Huron-Clinton Metropolitan Authority
Brighton, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of ***Huron-Clinton Metropolitan Authority*** (the "Authority"), as of and for the year ended December 31, 2006, (except for the Pension Trust Fund which is as of and for the year ended September 30, 2006) which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of ***Huron-Clinton Metropolitan Authority***, as of December 31, 2006, (except for the Pension Trust Fund which is as of and for the year ended September 30, 2006) and the respective changes in financial position thereof and the budgetary comparisons of the General Fund for the year then ended in conformity with accounting principles general accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2007, on our consideration of the **Authority's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Schedule of Funding Progress listed in the table of contents are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Introductory Section, Combining Fund financial statements, and Statistical Section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion on them.

A handwritten signature in black ink, appearing to read "Rehmann Robson".

Gerald Deslover, C.P.A, C.G.F.M, being duly sworn, deposes and says that he is a partner in the firm of Rehmann Robson and that he has signed the forgoing auditors' report in that capacity.

Management's Discussion and Analysis

As management of the Huron-Clinton Metropolitan Authority, we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Huron-Clinton Metropolitan Authority for the year ended December 31, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, the financial statements and the notes to the financial statements.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the end of 2006 by \$203,210,085 (net assets). Of this amount, \$27,468,449 (unrestricted net assets) may be used to meet the Authority's ongoing obligations to provide park and recreation services to the citizens of the five-county Metropark system.
- The Authority's total net assets increased significantly by \$8,271,033.
- The emphasis of the Authority's Five-Year Plan was to renovate, reconstruct and replace worn out, outdated recreational facilities. 2006 capital improvement expenditures reflect this emphasis as indicated by the following in-progress projects:
 1. Replacement of the Stony Creek Metropark Nature Center (\$1,028,000).
 2. Renovation of Martindale Beach at Kensington Metropark with the construction of an Aquatic Play Area (\$1,165,000).
 3. Replacement of the Food Concession Building at the Kensington Metropark Farm Center (\$481,000).
 4. Reconstruction of main park roads and hike/bike trails at Kensington, Lower Huron, Stony Creek, Oakwoods and Indian Springs Metroparks (\$1,120,000).
 5. Replacement of the Lower Huron 1957 pool with an \$8.8 million Family Aquatic Center. The construction of this project started in 2006, with \$2,236,000 expended.
 6. The complete reconstruction of the bridge decks and hike/bike trails at the North and South Dam bridges at Stony Creek Metropark was completed at a 2006 cost of \$1,078,000.
 7. Under the Authority's Capital Projects Fund a major \$2.3 million project was started to completely replace the water distribution system at Lower Huron Metropark. As of the end of 2006, \$1,329,000 was expended on this project.
- At Indian Springs Metropark work continued on the Environmental Discovery Center, the Adventure Play Area and the Environmental Study Area, where \$296,000 was expended.
- The Authority established the Retiree Health Care Plan and Trust effective October 1, 2005 with a September 30 fiscal year. The Plan and Trust was established for the exclusive purpose of enabling the Authority to fund retiree health care benefits for eligible retirees and spouses. The Authority transferred \$4,490,300 during the Plan year ended September 30, 2006.

- The Stony Creek Golf Course facility, which was operated by a concessionaire since 1976, was transferred to the Authority effective November 30, 2007. The Authority recognized the net value of assets transferred in the amount of \$1,320,000.
- Authority General Fund revenues at \$48.9 million exceeded 2006 budget targets by \$0.3 million (0.6%).
- Authority General Fund operating expenditures at \$36.7 million were under amended 2006 Budget amounts by \$2.1 million (5.4%).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Authority's finances in a manner similar to private-sector business.

The *statement of net assets* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of activities* presents information showing how the Authority's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result only in cash flows in future years (i.e., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Authority that are principally supported by taxes and program revenues. The sole governmental activity of the Authority consists of providing regional park and recreation services in the five-county metropolitan Detroit area. The Authority is a single purpose governmental agency.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Authority can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Authority maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General and Capital Projects funds, each of which are considered to be major funds.

The Authority adopts an annual appropriated budget for its General and Capital Projects fund. A budgetary comparison statement has been provided herein to demonstrate compliance with these budgets.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Authority's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Authority uses a fiduciary fund to account for (1) its single employer, defined benefit pension plan, which accumulates resources for pension benefit payments to qualified Authority employees, and (2) its Retiree Health Care Plan and Trust, which accumulates resources for health care benefit payments to qualified Authority retirees. These funds are based on the Plan's September 30 fiscal year ends.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This information is limited to a schedule concerning the Authority's progress in funding its obligation to provide pension benefits to its employees.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Huron-Clinton Metropolitan Authority, assets exceeded liabilities by \$203,210,085 at the close of the year.

By far the largest portion of the Authority's net assets (86 percent) reflect its investment in capital assets (i.e., land, buildings, infrastructure, roads, park improvements, vehicles and equipment). The Authority uses these capital assets to provide park and recreation services to citizens; consequently, these assets are *not* available for future spending. Although the Authority's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The Authority does not have any bonded debt.

Huron-Clinton Metropolitan Authority's Net Assets

	Governmental Activities	
	2006	2005
Current and other assets	\$69,307,336	\$68,430,532
Capital assets	175,741,636	166,366,007
Total assets	245,048,972	234,796,539
Long-term liabilities outstanding	3,390,965	3,221,498
Other liabilities	38,447,922	36,635,985
Total liabilities	41,838,887	39,857,483
Net assets:		
Invested in capital assets, net of related debt	175,741,636	166,341,053
Unrestricted	27,468,449	28,597,999
Total net assets	\$203,210,085	\$194,939,052

No portion of the Authority's net assets represent resources that are subject to external restrictions on how they may be used. The *unrestricted net assets* may be used to meet the Authority's ongoing obligations for park and recreation facilities and services to citizens and creditors.

At the end of the current year, the Authority is able to report a positive balance in net assets. The same situation held true for the prior fiscal year.

The Authority's net assets increased by \$8,271,033 during the current year. Nearly all of this increase represents additional investment by the Authority in capital assets, net of depreciation.

Huron-Clinton Metropolitan Authority
Changes in Net Assets

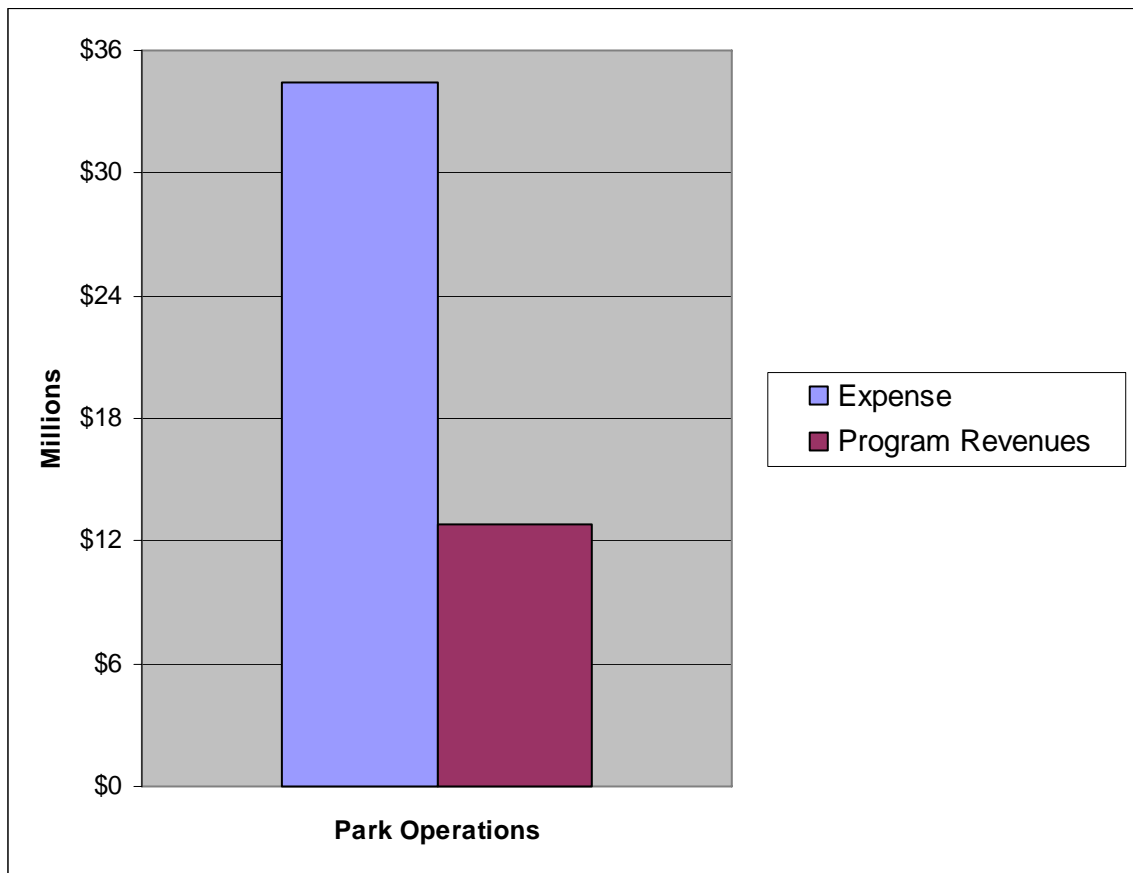
	Governmental Activities	
	2006	2005
Revenue:		
Program revenue:		
Park charges for services	\$12,814,635	\$13,247,181
Operating grants	78,989	25,853
Capital grants	0	32,600
General revenue:		
Property taxes	32,650,984	31,460,809
Oil and gas royalties	767,856	946,594
Donations	128,136	43,756
Interest	2,003,680	1,506,083
Miscellaneous	1,449,148	237,364
Total revenue	<u>49,893,428</u>	<u>47,500,240</u>
Expenses:		
Park operations	34,409,197	36,525,959
Administrative office	5,408,260	5,911,474
Major maintenance	693,405	760,249
General engineering/planning	1,095,958	1,306,680
Interest on long-term debt	667	3,742
Local cost share projects	14,908	0
Total expenses	<u>41,622,395</u>	<u>44,508,104</u>
Increase in net assets	8,271,033	2,992,136
Net assets – beginning of year	<u>194,939,052</u>	<u>191,946,916</u>
Net assets – end of year	<u>\$203,210,085</u>	<u>\$194,939,052</u>

Governmental activities. Governmental activities increased the Authority's net assets by \$8,271,033. Key elements of this increase are as follows:

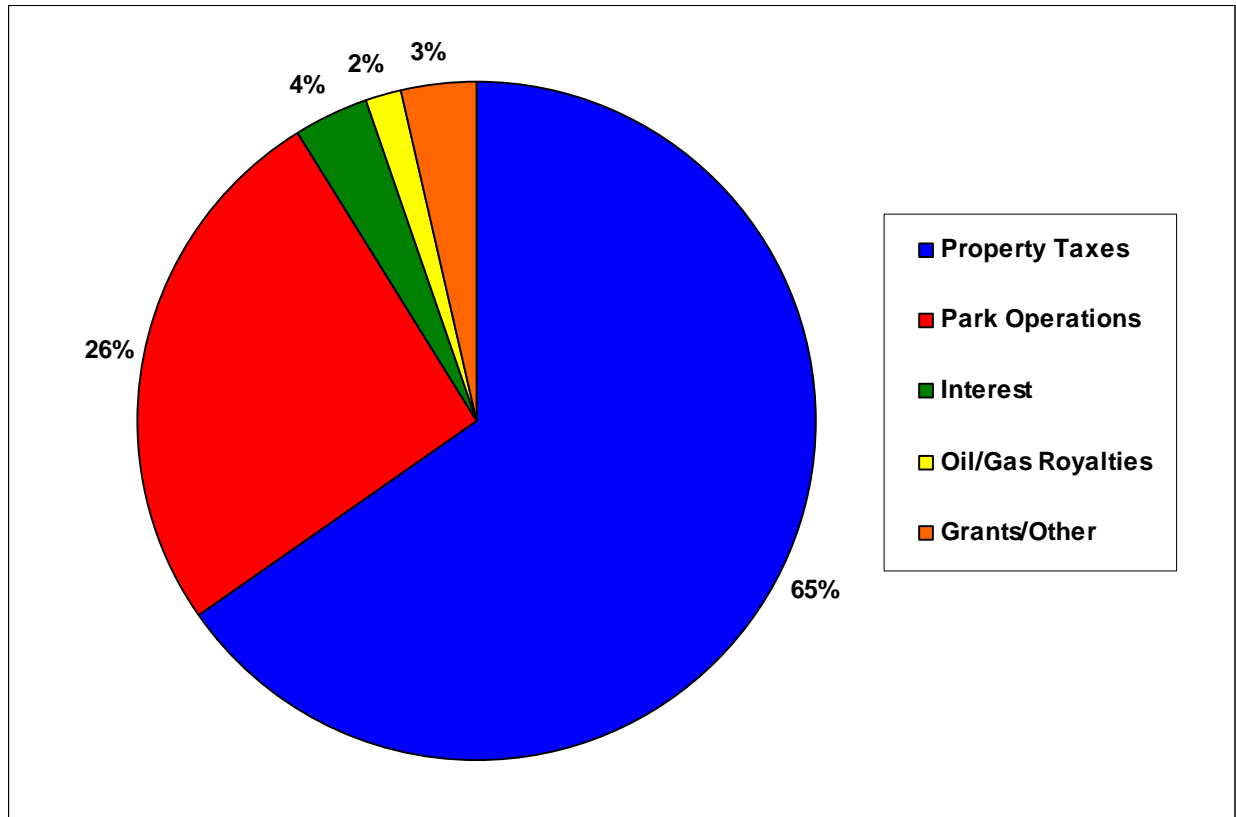
- Property taxes increased by \$1,190,175 (3.8 percent) during the year. Most of this increase is the product of increased taxable values and new construction, both residential and commercial/industrial within the five-county park district.

- All other revenue sources grew by a similar amount - \$1,171,827 (7.3 percent).
- Direct operating expenses of the Metropark system decreased \$2.7 million (6.0 percent) due to the one time charge of expensing \$4.3 million related to compensated absences in 2005.
- 2006 revenues exceeded 2006 expenses by \$8.2 million, over double the excess in 2005. These excess funds are used for Authority capital outlays.

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



Financial Analysis of the Government's Funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Authority's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Authority's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, the Authority's governmental funds reported a combined ending fund balance of \$30,995,888, a decrease of \$924,888 compared with 2005. Approximately seventy-one percent of this total amount (\$22.2 million) constitutes *unreserved fund balance*, which has been designated by the Authority for 2007 capital appropriations, supplemental major maintenance capital appropriations and the 2007 Budget. The remainder of fund balance (\$8.8 million) is *reserved* to indicate that it is not available for new spending because it has already been committed for: 1) capital improvement projects under contract, 2) equipment purchases on order, 3) engineering and consulting work under contract, 4) operating supplies inventory for consumption in park operations, and 5) a contingency fund for uninsured insurance claims.

The general fund is the primary operating fund of the Authority. At the end of the current year, unreserved fund balance of the general fund was \$17,088,644, while total fund balance was \$25,042,543. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents thirty-four percent of total general fund expenditures. The majority of the unreserved fund balance (\$14.7 million) has been designated by the Authority's Board of Commissioners for capital improvement projects and land acquisition. At the end of the year, no formal contractual commitments with outside parties have been made for these funds.

The fund balance of the Authority's general fund decreased by \$432,813.

The following paragraphs present a summary of general fund revenues, which totaled \$48,873,889 for 2006, an overall increase of \$2,609,604 over 2005. Revenues by source were as follows:

<u>Revenue</u>	<u>2006 Amount</u>	<u>Percent of Total</u>	<u>2005 Amount</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
Property Taxes	\$32,597,201	66.7%	\$31,398,443	\$1,198,758	3.8%
Park Operations	12,814,635	26.2%	13,247,181	(432,546)	(3.3%)
Interest	1,736,966	3.5%	1,328,532	408,434	30.7%
Grants	78,989	0.2%	58,453	20,536	35.1%
Donations	128,136	0.3%	43,756	84,380	192.8%
Miscellaneous	1,517,962	3.1%	187,920	1,330,042	707.8%
TOTALS	\$48,873,889	100.0%	\$46,264,285	\$2,609,604	5.6%

Although the Authority's millage rate continues to be rolled back (0.4%) from .2154 mills to .2146 mills in 2006 and local community captured taxes (DDA's, TIFA's, etc.) continued to grow, net property tax collections moved up to \$32.6 million. The collection rate on the Authority's 2006 tax levy continued strong, as 99.2% of the adjusted 2006 levy has been collected. Taxes continue to be the Authority's primary source of revenue and provide a stable base of funds to operate the Metropark system.

The \$12,815,000 of 2006 park operating revenues not only fell short of 2006 revenue budget goals (\$332,000), but they also represent a \$433,000 (3.3%) decline from 2005 revenue levels of \$13,247,000. This is the largest one year decline in park operating revenues ever experienced by the Authority, both from a dollar and a percentage standpoint. Although weather patterns were generally favorable throughout 2006, the drastic downturn in the southeast Michigan economy was the real culprit in generating these disappointing revenue results. The impact of this weak economy was very evident in the Authority's largest park operating revenue source - golf. Authority golf courses suffered a loss of another 10,000 rounds in 2006, which translated into a \$252,000 drop in golf revenues. All of the budget revenue shortfall of \$332,000 can be attributed to golf, which missed budget targets by \$335,000. Park operating revenue shortages in all other areas were basically offset by overages.

Fortunately, the park operating revenue shortage was offset by an overage in interest revenues, which grew to \$1,737,000, surpassing budgeted amounts by \$337,000. This interest income is

derived from investments in Certificates of Deposit and U.S. Agency issues. Due to the continued rise in interest rates by the Federal Reserve Board in the first half of 2006, Authority investments were placed in higher yielding investments than in 2005. The average yield on Authority investments was 4.6% throughout 2006.

The Authority recognized \$79,000 from various grant projects in 2006. Grants were received for (1) police radio upgrades (\$51,300), (2) ash tree replacements (\$15,300), and (3) osprey reintroduction program (\$9,300).

Donations totaled \$128,000 in 2006. The Huron-Clinton Metroparks Foundation transferred \$57,800 to the Authority during 2006. The value of donated police radios from the Homeland Security Agency was recognized for \$48,400. Various other cash donations totaling \$21,800 were received for picnic tables, trees, benches, deer processing, Earth Day, fireworks and interpretive center donation boxes.

The Authority recognized \$1,518,000 of miscellaneous revenues. This figure is inflated due to the recognition of the \$1,320,000 associated with the transfer of the net asset values from the termination of the Stony Creek Golf Course lease.

General fund expenditures were \$49,840,679, an increase of \$2,081,078 over 2005's expenditures. A detailed breakdown of expenditures by major category is as follows:

<u>Expenditure</u>	<u>2006 Amount</u>	<u>Percent of Total</u>	<u>2005 Amount</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
Engineering/Planning	\$723,530	1.5%	\$1,015,643	(\$292,113)	(28.8%)
Capital Improvements	9,663,892	19.4%	6,525,798	3,138,094	48.1%
Equipment	2,497,008	5.0%	2,164,707	332,301	15.4%
Land Acquisition	213,825	0.4%	2,554,122	(2,340,297)	(91.6%)
Major Maintenance	693,405	1.4%	760,249	(66,844)	(8.8%)
General Administration	5,337,720	10.7%	5,166,242	171,478	3.3%
General Planning and Engineering	1,068,791	2.2%	1,022,421	46,370	4.5%
Park Operations	29,616,888	59.4%	28,506,499	1,100,389	3.9%
Debt Service	25,620	-	43,920	(18,300)	(41.7%)
TOTALS	<u>\$49,840,679</u>	<u>100.0%</u>	<u>\$47,759,601</u>	<u>\$2,081,078</u>	<u>4.4%</u>

Engineering and Planning Department expenses are divided between capital outlays and current operating expenditures. The engineering and planning capital expenditures that are capitalized reflect expenses incurred on capital projects while they are planned and designed, prior to the awarding of a construction contract. These costs totaled \$724,000 in 2006, reflecting a 29% decrease from 2005. This drop can be traced to a reduction of outside consulting engineering services associated with the Lower Huron Family Aquatic Center and the Indian Springs Environmental Discovery Center. The general planning and engineering current operating expenditures reflect planning and engineering expenses of a general nature that are not specifically tied to a capital improvement project. These expenditures include general planning studies, conceptual studies, community relations, Administrative Office overhead personnel,

departmental fringe benefits and leave time. These expenses totaled \$1,069,000 in 2006, compared to \$1,022,000 in 2005.

Capital improvement outlays cover construction projects that exceed the Authority's \$10,000 capitalization limit. Throughout 2006, the Authority spent a total of \$9.7 million on 56 separate capital improvement projects within the Metropark system. This represents \$3.1 million more than the amount spent on park improvement projects during 2005. These projects enhanced the Authority's recreational facilities offered the public in terms of park roads, walks, parking lots, buildings, aquatic facilities, utilities, landscaping, golf courses and other improvements. Many of the more significant 2006 capital improvement projects have been previously highlighted under the **MAJOR INITIATIVES** section of this report.

Equipment having an individual value in excess of \$600 is capitalized. During 2006 a total of \$2.5 million was spent equipping the Metropark system, up from 2005's level. Heavy equipment (mowers, tractors, golf cars, etc.) purchases accounted for \$1.7 million of equipment expenditures. Auto and truck acquisitions totaled \$0.5 million.

Land acquisition during 2006 brought another 5 acres (with a house) into the Metropark system at Indian Springs Metropark at a cost of \$214,000.

The Authority classifies all non-recurring repair/maintenance-type projects that exceed \$10,000 as Major Maintenance expenses. These projects do not substantially improve or alter an existing facility and, therefore, are not capitalized. During 2006, Metropark facilities were renovated with 29 separate projects at a cost of \$693,000.

General Administration costs reflect the costs of running the Authority's centralized Administrative Office, which ran \$5.3 million in 2006. This covers the cost of 27 full time employees, 117 retired employees (health care benefits), materials, supplies and outside consultants utilized in managing the entire Metropark system. Personnel costs pushed up \$306,000 (8%) as a 2.5% negotiated wage increase kicked in, three retirement severance payouts took place and health care costs continued to rise. Materials/supplies/outside consulting services associated with the operation of the Administrative Office declined \$134,000 (11%) as legal fees dropped from 2005 levels.

The direct operating costs associated with operating and maintaining the 13 Metroparks consumed \$29.6 million of Authority funds. Comparing this \$29.6 million of park operating costs to 2005 expenditures of \$28.5 million shows that overall park operating costs increased \$1.1 million or 3.9%. Personnel related costs, which make up 76% of park operating expenses, rose \$766,000 or 3.5% to \$22.5 million. Contributing factors include: (1) full time wages rising \$344,000, reflecting the 2.5% negotiated wage increase; (2) part time wages increasing \$158,000 due to an adjustment in part time wage scales; and (3) health care and group insurance benefits up \$175,000. Looking at the material/supply/outside contractual service costs to run the Metroparks operations shows that overall these costs ran \$7.1 million in 2006, an increase of \$344,000 (5.1%) over 2005. These increased costs can be directly attributed to higher utility, gasoline, communication and outsourced equipment repair expenses.

General Fund Budgetary Highlights

Over the course of the year, the Authority's Board of Commissioners revised the Authority budget several times. These budget amendments fall into three categories:

- Increases in appropriations to prevent overruns for capital or operating expenditures.
- Amendments made shortly after the beginning of the year to reflect carryover capital appropriations.
- Amendments made to increase revenue/expenditure budgets for events that were not properly anticipated when the budget was compiled.

Differences between the original budget and the final amended budget were generally minor with the following exceptions:

- The \$1.1 million decrease in budgeted property tax revenues results mainly from local units of government capturing Authority tax revenues under various tax abatement programs.
- The \$5.8 million increase in capital expenditures budget relates mainly to capital improvement appropriations (\$5.1 million) and engineering/planning appropriations (\$0.4 million) that were carried over from 2005.

During the year, general fund revenues exceeded final budgetary estimates in total by \$310,000, mainly because interest revenues grew faster than expected. All operating and capital expenditure categories were within amended budgeted amounts.

Capital Asset and Debt Administration

Capital assets. The Authority's investment in capital assets for its governmental-type activities as of December 31, 2006 amounted to \$175,741,636 (net of accumulated depreciation). This investment in capital assets includes land, land improvements (golf courses, etc.), buildings, roads, bridges, sewer/water systems, park facilities and equipment. The total increase in the Authority's investment in capital assets (net of depreciation) for the year was six percent (\$9.4 million).

Major capital asset events during the current year included the following:

• Hike/Bike Trail - Maple Beach Extension	Kensington	\$ 263,000
• Main Park Road Reconstruction	Kensington	299,000
• Farm Center Food Bar*	Kensington	408,000
• Aquatic Play Area*	Kensington	1,165,000
• Family Aquatic Center	Lower Huron	2,221,000
• Hike/Bike Trail Reconstruction - North/South Dam Bridge	Stony Creek	1,078,000

• Nature Center*	Stony Creek	1,028,000
• Stony Creek Golf Course	Stony Creek	1,320,000
• Main Park Road Reconstruction	Oakwoods	186,000
• Service Yard Paving	Lake Erie	186,000
• Golf Course Cart Paths	Wolcott	96,000
• Golf Course Driving Range	Wolcott	150,000
• Environmental Discovery Center Habitat Restoration*	Indian Springs	113,000
• Environmental Discovery Center Building*	Indian Springs	80,000
• Environmental Discovery Center Play Area*	Indian Springs	74,000
• Land - 5 acres/1 house	Indian Springs	214,000
• Heavy Equipment	All Parks	1,683,000
• Autos/Trucks	All Parks	496,000

* Denotes construction in progress.

**Huron-Clinton Metropolitan Authority's
Capital Assets
(Net of Depreciation)**

	Governmental Activities	
	2006	2005
Land	\$43,647,178	\$43,488,293
Land Improvements	31,160,877	29,871,295
Construction in Progress	16,573,846	12,591,675
Buildings	28,139,683	28,377,617
Equipment	10,190,620	9,888,070
Other Improvements	24,551,646	22,181,350
Infrastructure	21,477,786	19,967,706
Total	\$175,741,636	\$166,366,006

Additional information on the Authority's capital assets can be found in notes to these financial statements of this report.

Long-term debt. The Authority has recognized \$4,410,440 in accrued compensated absences.

The Authority has no bonded debt or capital leases.

Additional information on the Authority's long-term debt can be found in notes to these financial statements.

Economic Factors and Next Year's Budget and Rates

The following factors guided the preparation of the Authority's 2007 budget:

- The Board of Commissioner's approved Five-Year Plan for 2003 to 2007 provided general guidance on the allocation of Authority funds.
- Property tax revenues were based on a rolled back millage rate of .2146 mills. The growth in the housing market in the five-county park district enabled projected property tax revenues to grow to \$35.6 million (before tax levy adjustments).
- No major park user fee increases were included in the 2007 budget. Accordingly, park operating revenues on existing facilities were projected to remain relatively flat. Park operating revenues are expected to increase \$0.9 million with the addition of the Stony Creek Golf Course.
- Inflationary trends in the region compare favorably to national indices.

Requests for Information

This financial report is designed to provide a general overview of the Huron-Clinton Metropolitan Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Controller, Huron-Clinton Metropolitan Authority, 13000 High Ridge Drive, Brighton, Michigan, 48114-9058.

Basic Financial Statements

HURON-CLINTON METROPOLITAN AUTHORITY, MICHIGAN
STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2006

	General Fund	Capital Projects	Total	Adjustments	Statement of Net Assets
ASSETS					
Cash and cash equivalents	\$ 1,737,618	\$ 1,438,707	\$ 3,176,325	\$ -	\$ 3,176,325
Investments	25,735,687	4,555,610	30,291,297	-	30,291,297
Property taxes receivable	35,278,989	-	35,278,989	-	35,278,989
Supplies inventory	269,281	-	269,281	-	269,281
Due from other governmental units	119,256	-	119,256	-	119,256
Internal receivables	20,573	(329)	20,244	(20,244)	-
Other assets	72,188	100,000	172,188	-	172,188
Capital assets, not being depreciated	-	-	-	91,381,903	91,381,903
Capital assets, net of accumulated depreciation	-	-	-	84,359,733	84,359,733
Total assets	\$ 63,233,592	\$ 6,093,988	\$ 69,327,580	\$ 175,721,392	\$ 245,048,972
LIABILITIES					
Accounts payable	\$ 1,572,795	\$ -	\$ 1,572,795	-	1,572,795
Accrued payroll and benefits payable	677,950	-	677,950	-	677,950
Internal payables	(329)	20,573	20,244	(20,244)	-
Deferred / Unearned revenue	35,366,869	-	35,366,869	(883,001)	34,483,868
Other liabilities	573,764	120,070	693,834	-	693,834
Noncurrent liabilities					
Due within one year	-	-	-	1,019,475	1,019,475
Due after one year	-	-	-	3,390,965	3,390,965
Total liabilities	\$ 38,191,049	\$ 140,643	\$ 38,331,692	\$ 3,507,195	\$ 41,838,887
FUND BALANCES/NET ASSETS					
Fund balances					
Reserved					
Encumbrances	7,395,319	884,522	8,279,841	(8,279,841)	-
Supplies inventory	269,281	-	269,281	(269,281)	-
Contingencies	289,299	-	289,299	(289,299)	-
Unreserved					
Designated for capital appropriations	14,662,268	26,238	14,688,506	(14,688,506)	-
Designated for supplemental major maintenance	-	5,042,585	5,042,585	(5,042,585)	-
Undesignated	2,426,376	-	2,426,376	(2,426,376)	-
Total fund balances	25,042,543	5,953,345	30,995,888	(30,995,888)	-
Total liabilities and fund balances	\$ 63,233,592	\$ 6,093,988	\$ 69,327,580		
Net assets					
Invested in capital assets, net of related debt				175,741,636	175,741,636
Unrestricted				27,468,449	27,468,449
Total net assets				\$ 203,210,085	\$ 203,210,085

The accompanying notes are an integral part of these financial statements.

HURON-CLINTON METROPOLITAN AUTHORITY, MICHIGAN

RECONCILIATION OF THE STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET

DECEMBER 31, 2006

Fund balance - total governmental funds	\$ 30,995,888
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When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the Authority as a whole.

Cost of capital assets	228,749,494
Accumulated depreciation	<u>(53,007,858)</u>

Net assets	<u>175,741,636</u>
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Since governmental funds recognize revenue on the modified accrual basis of accounting, the proceeds on sale of land under a land contract sale is not recognized as revenue in the governmental funds until it is "available." However, in the statement of activities, the sale of the land is recognized in revenue.

84,056

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets are offset by deferred revenues in the governmental funds and thus are not included in fund balance.

798,945

Long-term liabilities applicable to the Authority's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities both current and long-term are reported in the statement of net assets.

Compensated absences	<u>(4,410,440)</u>
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Net Assets - total governmental activities	<u><u>\$203,210,085</u></u>
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The accompanying notes are an integral part of these financial statements.

HURON - CLINTON METROPOLITAN AUTHORITY, MICHIGAN
STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2006

	General Fund	Capital Projects	Total	Adjustments	Statement of Activities
EXPENDITURES/EXPENSES					
Park operating					
Operations	\$ 29,616,888	\$ -	\$ 29,616,888	\$ 4,792,309	\$ 34,409,197
Major maintenance	693,405	-	693,405	-	693,405
Administrative offices	5,337,720	-	5,337,720	70,540	5,408,260
General planning and engineering	1,068,791	-	1,068,791	27,167	1,095,958
Total current operating	<u>36,716,804</u>	<u>-</u>	<u>36,716,804</u>	<u>4,890,016</u>	<u>41,606,820</u>
Capital outlay					
Engineering and planning	723,530	197,338	920,868	(920,868)	-
Capital improvements	9,663,892	1,329,307	10,993,199	(10,978,291)	14,908
Equipment	2,497,008	-	2,497,008	(2,497,008)	-
Land acquisitions	213,825	-	213,825	(213,825)	-
Total capital outlay	<u>13,098,255</u>	<u>1,526,645</u>	<u>14,624,900</u>	<u>(14,609,992)</u>	<u>14,908</u>
Debt service					
Principal	24,953	-	24,953	(24,953)	-
Interest	667	-	667	-	667
Total debt service	<u>25,620</u>	<u>-</u>	<u>25,620</u>	<u>(24,953)</u>	<u>667</u>
Total expenditures/expenses	<u>49,840,679</u>	<u>1,526,645</u>	<u>51,367,324</u>	<u>(9,744,929)</u>	<u>41,622,395</u>
PROGRAM REVENUES					
Park charges for services	12,814,635	-	12,814,635	-	12,814,635
Operating grants	78,989	-	78,989	-	78,989
Total program revenues	<u>12,893,624</u>	<u>-</u>	<u>12,893,624</u>	<u>-</u>	<u>12,893,624</u>
Net program expense					<u>28,728,771</u>
GENERAL REVENUES					
Property taxes	32,597,201	-	32,597,201	53,783	32,650,984
Oil and gas royalties	-	767,856	767,856	-	767,856
Donations	128,136	-	128,136	-	128,136
Interest	1,736,966	266,714	2,003,680	-	2,003,680
Miscellaneous	1,517,962	-	1,517,962	(68,814)	1,449,148
Total general revenues	<u>35,980,265</u>	<u>1,034,570</u>	<u>37,014,835</u>	<u>(15,031)</u>	<u>36,999,804</u>
SPECIAL ITEMS					
Proceeds/gain from sale of capital assets	533,977	-	533,977	(533,977)	-
Total general revenues and special items	<u>36,514,242</u>	<u>1,034,570</u>	<u>37,548,812</u>	<u>(549,008)</u>	<u>36,999,804</u>
Net change in fund balances	(432,813)	(492,075)	(924,888)	924,888	-
Change in net assets	-	-	-	8,271,033	8,271,033
Fund balance/net assets, beginning of year	<u>25,475,356</u>	<u>6,445,420</u>	<u>31,920,776</u>	<u>163,018,276</u>	<u>194,939,052</u>
Fund balance/net assets, end of year	<u>\$ 25,042,543</u>	<u>\$ 5,953,345</u>	<u>\$ 30,995,888</u>	<u>\$ 172,214,197</u>	<u>\$ 203,210,085</u>

The accompanying notes are an integral part of these financial statements.

HURON-CLINTON METROPOLITAN AUTHORITY, MICHIGAN

RECONCILIATION OF THE STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2006

Net change in fund balances - total governmental funds	\$ (924,888)
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Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense

Add capital outlay expense	14,609,991
Less current year depreciation	(4,733,131)
Less book basis in assets sold	(502,792)

Because some property taxes will not be collected for several months after the Authority's fiscal year end, they are not considered as "available" revenues in the governmental funds. Similarly, some property taxes may ultimately be uncollectable and an allowance for these collectibles has been established in the statement of activities.

53,783

Because certain post-employment benefit expenses will not be paid using current financial resources, they are not included in the governmental funds. However, the liability results in an expense in the statement of activities.

(156,883)

Proceeds from an insurance settlement will not be collected for several months after the Authority's fiscal year end, thus they are not considered available revenues in the governmental funds. In the statement of activities, this revenue is recognized as it meets revenue recognition guidelines under the full accrual method.

(100,000)

Repayment of capital lease principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. Principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.

24,953

Change in net assets of governmental activities

\$ 8,271,033

The accompanying notes are an integral part of these financial statements.

HURON - CLINTON METROPOLITAN AUTHORITY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 33,740,612	\$ 32,599,222	\$ 32,597,201	\$ (2,021)
Park operations	13,146,700	13,146,700	12,814,635	(332,065)
Interest	1,400,000	1,400,000	1,736,966	336,966
Operating grants	-	-	78,989	78,989
Donations	-	48,400	128,136	79,736
Miscellaneous	50,000	1,370,000	1,517,962	147,962
Total revenues	48,337,312	48,564,322	48,873,889	309,567
EXPENDITURES				
Operating				
Major maintenance	1,619,000	1,640,980	693,405	947,575
Administrative offices	5,512,900	5,617,500	5,337,720	279,780
General planning and engineering	1,167,000	1,170,383	1,068,791	101,592
Park operations	30,068,400	30,393,100	29,616,888	776,212
Total operating	38,367,300	38,821,963	36,716,804	2,105,159
Capital				
Engineering and planning	934,600	1,363,169	723,530	639,639
Capital improvements	19,685,000	24,814,387	9,663,892	15,150,495
Equipment	2,905,000	3,099,718	2,497,008	602,710
Land acquisitions	5,436,100	5,499,674	213,825	5,285,849
Total capital	28,960,700	34,776,948	13,098,255	21,678,693
Debt service				
Principal	21,500	25,000	24,953	47
Interest	500	700	667	33
Total debt service	22,000	25,700	25,620	80
Total expenditures	67,350,000	73,624,611	49,840,679	23,783,932
Revenues over (under) expenditure before other financing sources	(19,012,688)	(25,060,289)	(966,790)	24,093,499
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	350,000	350,000	533,977	183,977
Net change in fund balance	(18,662,688)	(24,710,289)	(432,813)	24,277,476
Fund balance, beginning of year	25,475,356	25,475,356	25,475,356	-
Fund balance, end of year	\$ 6,812,668	\$ 765,067	\$ 25,042,543	\$ 24,277,476

The accompanying notes are an integral part of these financial statements.

HURON - CLINTON METROPOLITAN AUTHORITY, MICHIGAN
STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
SEPTEMBER 30, 2006

ASSETS

Investments, fair value	
Immediate participation contracts	\$ 2,947,085
Stock/bond funds	26,618,000
U.S. Government agencies	3,423,404
Guaranteed investment contracts	4,196,833
Money markets	<u>147,304</u>
Total investments	<u>37,332,626</u>
Total assets	<u>37,332,626</u>

LIABILITIES

Net assets held in trust for pension benefits	<u><u>\$ 37,332,626</u></u>
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The accompanying notes are an integral part of these financial statements.

HURON - CLINTON METROPOLITAN AUTHORITY, MICHIGAN
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

ADDITIONS

Employer contributions	\$ 6,026,261
Investment income	
Net increase in fair value of investments	1,520,419
Interest	532,947
Investment expense	<u>(72,072)</u>
Net investment income	<u>1,981,294</u>

Total additions **8,007,555**

DEDUCTIONS

Benefits	<u>1,264,959</u>
Net increase for the year	6,742,596

Net assets held in trust for pension benefits,
beginning of year 30,590,030

Net assets held in trust for pension benefits,
end of year \$ 37,332,626

The accompanying notes are an integral part of these financial statements.

HURON-CLINTON METROPOLITAN AUTHORITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Huron – Clinton Metropolitan Authority (“the Authority”) was created in 1939 as a special district form of government to provide recreational facilities and services to residents of Livingston, Macomb, Oakland, Washtenaw, and Wayne Counties. The Authority is governed by a Board of Commissioners, which consists of a Commissioner appointed by the Board of Commissioners from each of the five participating counties, and two Commissioners appointed by the Governor of Michigan. Principal funding for the Authority is derived from a property tax levy assessed in each of the five participating counties.

The Authority has determined that no entities should be consolidated into its basic financial statements as component units. The criteria for including a component unit include entities for which the government is considered to be financially accountable. Therefore, the reporting entity consists only of the primary government.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of the inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

HURON-CLINTON METROPOLITAN AUTHORITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Authority.

The Authority reports the following major governmental funds:

The *general fund* is the Authority's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *capital projects fund* is used to record supplemental major maintenance projects of the Authority, which are nonrecurring expenditures to repair or replace existing park facilities. As designated by the Authority, oil and gas revenues received are earmarked to fund these projects.

In addition, the government reports the following fund types:

The *pension trust funds* account for the Authority's single employer, defined benefit pension plan and other post employment benefits, which accumulate resources for pension benefit and other postemployment benefit payments to qualified Authority employees. The Funds are based on the Plans' September 30th fiscal year ends.

HURON-CLINTON METROPOLITAN AUTHORITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to park customers, and 2) capital and operating grants. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes along with oil and gas royalties.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets

1. Deposits and investments

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments. The State's Pension Investment Act, as amended, authorizes the pension trust fund to invest in common stocks, real estate, and various other investment instruments, subject to certain limitations.

Investments are stated at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have established market values are reported at estimated fair value. Cash deposits are reported at carrying amounts, which reasonably approximates fair value.

Unrealized appreciation or depreciation on pension trust fund investments due to changes in fair value are recognized each year.

HURON-CLINTON METROPOLITAN AUTHORITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of inter-fund loans) or “advances to/from other funds” (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

All property tax receivables are shown net of an allowance for uncollectible amounts. The allowance is estimated based upon the original year of the assessment and uses a graduated percentage ranging from 10 to 100 percent of the balance outstanding.

Real and personal property taxes are levied on December 1 on the taxable value of property located in the Counties as of the preceding December 31 (lien date). Taxable values are established annually by municipalities and are equalized by the Counties and State at 50% of estimated current market value or less. The Authority’s operating tax rate for the 2005 levy (2006 property tax revenue) was .2146 mills. Taxes are receivable on the levy date and become delinquent on March 1 the following year. Property tax revenues are recognized as revenues in the operating year in which the levy is intended to fund to the extent that that they are measurable and available, and collected within sixty days after year end.

3. Inventories and prepaid items

Inventory maintained by the General Fund is valued at average cost. Inventory consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed.

Certain payments made to vendors are for services applicable to future accounting periods and are included as other asset items in both the government-wide and fund financial statements.

4. Capital assets

Capital assets, which include property, buildings, equipment, other improvements and infrastructure (e.g., roads, bridges, paved pathways and water/sewer lines), are reported in the Statement of Net Assets column in the basic financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$600 for equipment and \$10,000 for all other assets, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

HURON-CLINTON METROPOLITAN AUTHORITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30-50
Infrastructure	15-50
Other improvements	15-50
Equipment	6-25

5. *Compensated absences*

The Authority allows employees to earn annual leave benefits and sick leave termination bonuses based, in part, on length of service. Annual leave is fully vested when earned and sick leave termination bonuses vest upon completion of ten years of service. Upon termination, employees are paid their accumulated sick leave termination bonuses and annual leave depending upon the nature of separation (death, retirement, or termination). All vacation pay is accrued when incurred in the government-wide fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

6. *Long-term obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets.

7. *Fund equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

HURON-CLINTON METROPOLITAN AUTHORITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Budgets for the General and Capital Projects Funds are adopted, on a basis consistent with generally accepted accounting principles (GAAP), and are adopted on a category level for each fund. Operating budgets including major maintenance, park operations and general administration categories lapse at year-end. Capital outlay budgets including engineering and general planning, capital improvements, equipment and land acquisition categories do not lapse at year-end.

Adoption and amendments of budgets used by the Authority are governed by Public Act 621. The governing body must approve the budget and amendments, including supplemental appropriations at the category level. The Authority's management can transfer appropriations between line items within a category without governing body approval.

B. Excess expenditures over appropriations

During the year ended December 31, 2006, the Authority incurred no expenditures that were in excess of the budgetary amounts.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Summary of Deposit and Investment Balances

Following is a reconciliation of deposit and investment balances as of December 31, 2006:

<u>Deposits and Investments</u>	<u>Deposits</u>	<u>Investment</u>	<u>Other</u>	<u>Total</u>
Governmental - wide financial statement captions				
Cash and cash equivalents	\$ 1,843,313	\$ 1,305,462	\$ 27,550	\$ 3,176,325
Investment	11,784,109	18,507,188	-	30,291,297
Fiduciary fund financial statement captions				-
Investment	147,304	37,185,322	-	37,332,626
	<u>\$ 13,774,726</u>	<u>\$ 56,997,972</u>	<u>\$ 27,550</u>	<u>\$ 70,800,248</u>

HURON-CLINTON METROPOLITAN AUTHORITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

The amounts included in the “Other” category above represent petty cash, change funds, and accrued interest.

Statutory Authority

The Authority is authorized by statute to invest surplus funds in the following:

- a. Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers’ acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940, limited to mutual fund securities whose intention is to maintain a net asset value of \$1.00 per share.
- g. External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

The Board of Commissioners is authorized to designate depositories for the Authority’s funds, and to determine that the funds are invested in accordance with State of Michigan statutory authority.

The Authority's deposits are in accordance with statutory authority.

HURON-CLINTON METROPOLITAN AUTHORITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

The Authority's investments are categorized below to give an indication of the level of risk assumed by the entity at December 31, 2006.

Type of investment	RATING			
	AAA	AA	NR	Total
US Agencies				
less than 1 year	\$ -	\$ -	\$ -	\$ -
1 to 6 years	3,423,404	-	-	3,423,404
Governmental & Corporate bonds				
less than 1 year	5,870,074	-	-	5,870,074
1 to 6 years	12,637,114	-	-	12,637,114
Guaranteed Interest Contracts				
less than 1 year	-	4,195,992	-	4,195,992
1 to 6 years	-	-	-	-
Immediate Participation Contracts				
less than 1 year	-	-	-	-
1 to 6 years	-	2,947,085	-	2,947,085
Mutual Funds	-	-	13,858,046	13,858,046
Stocks	-	-	14,066,257	14,066,257
Total	\$ 21,930,592	\$ 7,143,077	\$ 27,924,303	\$ 56,997,972

Investment and deposit risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the above list of authorized investments. The Authority's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to specific government securities, certificates of deposit and bank accounts with qualified institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments above. In compliance with State law, the Authority's investment policy limits investments to the top two ratings issued by nationally recognized statistical rating organizations. The Authority's investment policy does not have specific limits in excess of state law on investment credit risk. As of December 31, 2006, the Authority's investments in corporate bonds and corporate asset-backed securities were within these guidelines.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. State law does not require and the Authority does not have a policy for deposit custodial credit risk. As of year-end

HURON-CLINTON METROPOLITAN AUTHORITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

\$14,231,303 of the Authority's bank balance of \$15,380,899 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the Authority does not have a policy for investment custodial credit risk. On the investments listed above, there is no custodial credit risk, as these investments are either uninsured, unregistered, and held by a counterparty in the Authority's name or are uncategorized as to credit risk.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The Authority's investment policy does not have specific limits in excess of state law on concentration of credit risk. The investments that exceed 5% of the Authority's total investments are in mutual funds, investment pools, and US Agencies securities. All investments held at year-end are reported above.

B. Receivables

Receivables as of year-end for the governmental activities in the aggregate, are as follows:

Taxes	\$ 35,278,989
Due from other governments, current	36,854
Due from other governments, non-current	<u>82,402</u>
Total	<u>\$ 35,398,245</u>

Taxes receivable consist of the 2006 levy to be received in 2007 as well as delinquent personal property taxes. They are shown net of the allowance for doubtful accounts of \$1,463,000.

The current amount due from other governments is made up of state grants receivable.

The non-current amount due from other governments is a receivable from a municipality for land sold by the Authority on a land contract sale. This amount is receivable over 26 years.

HURON-CLINTON METROPOLITAN AUTHORITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>
General Fund	
Taxes receivable	\$ 35,282,813
Non-current due from other governments	<u>84,056</u>
Total deferred revenue for governmental funds	<u>\$ 35,366,869</u>

Interfund Receivables and Payables

<u>Due to</u>	<u>Due from Capital Projects</u>
General fund	<u>\$ 20,573</u>

The outstanding balance between funds results mainly from the timelag between the dates that (1) interfund goods and services are provided, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

HURON-CLINTON METROPOLITAN AUTHORITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

C. Capital Assets

Capital assets activity for the year ended December 31, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 43,488,293	\$ 213,825	\$ (54,939)	\$ -	\$ 43,647,179
Land improvements	29,871,295	1,212,497	-	77,087	31,160,879
Construction in progress	12,591,675	6,858,190	-	(2,876,020)	16,573,845
Total capital assets not being depreciated	85,951,263	8,284,512	(54,939)	(2,798,933)	91,381,903
Capital assets being depreciated:					
Buildings	41,454,555	149,108	-	446,109	42,049,772
Equipment	21,297,211	2,497,008	(1,927,662)	-	21,866,557
Other improvements	33,456,933	1,078,620	(194,227)	2,312,914	36,654,240
Infrastructure	34,700,345	2,600,743	(543,976)	39,910	36,797,022
Total capital assets being depreciated	130,909,044	6,325,479	(2,665,865)	2,798,933	137,367,591
Less accumulated depreciation					
Buildings	(13,076,938)	(833,153)	-	-	(13,910,091)
Equipment	(11,409,141)	(1,757,132)	1,490,336	-	(11,675,937)
Other improvements	(11,275,582)	(1,012,274)	185,262	-	(12,102,594)
Infrastructure	(14,732,640)	(1,130,572)	543,976	-	(15,319,236)
Total accumulated depreciation	(50,494,301)	(4,733,131)	2,219,574	-	(53,007,858)
Total capital assets being depreciated, net	80,414,743	1,592,348	(446,291)	2,798,933	84,359,733
Governmental activities capital assets, net	\$166,366,006	\$9,876,860	\$ (501,230)	\$ -	\$175,741,636

Depreciation expense was charged to functions/programs of the Authority as follows:

Governmental activities	
Park operations	\$ 4,622,278
Administrative offices	<u>110,855</u>
Total depreciation expense - governmental activities	<u>\$ 4,733,133</u>

HURON-CLINTON METROPOLITAN AUTHORITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

D. Capital Leases

The Authority has entered into a lease agreement as lessee for financing the acquisition of six bioject injection systems totaling \$69,540, of which there is no balance remaining at the end of the fiscal year.

The changes in capital leases for the year ended December 31, 2006 is as follows:

Beginning balance, January 1	\$ 24,953
Additions	-
Reductions	<u>(24,953)</u>
Ending balance, December 31	<u>\$ -</u>

E. Long Term Debt

Accrued compensated absences amounted to \$4,410,440 at year-end. Of this amount \$1,019,475 is expected to be paid in the following year.

Changes in long-term debt

Long-term liability activity for the year ended December 31, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Capital leases	\$ 24,953	\$ -	\$ (24,953)	\$ -	\$ -
Compensated absences	<u>4,253,552</u>	<u>1,306,874</u>	<u>(1,149,986)</u>	<u>4,410,440</u>	<u>1,109,475</u>
Total long-term liabilities	<u>\$ 4,278,505</u>	<u>\$ 1,306,874</u>	<u>\$ (1,174,939)</u>	<u>\$ 4,410,440</u>	<u>\$ 1,109,475</u>

V. OTHER INFORMATION

A. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and distribution of assets; errors and omissions; injuries to employees and natural disasters. The

HURON-CLINTON METROPOLITAN AUTHORITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

Authority carries commercial insurance to cover any potential claims associated with these risks and has had no claims that exceeded the insurance coverage during the past three years.

B. Contingent Liabilities

The Authority has received state grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, management believes that any required reimbursements would not be material.

C. Construction Commitments

The Authority has established several construction contracts for various projects throughout its park operations. The total of these contracts is \$15,248,647 of which \$6,501,173 has been paid resulting in remaining commitments in the amount of \$8,747,474.

D. Other Post Employment Benefits

In addition to providing pension benefits, the Authority provides certain health care and life insurance benefits for retired employees as established by collective bargaining agreements with local union organizations as approved by the governing board. Substantially all of the Authority's employees may become eligible for these benefits when they retire, after attaining 10 years of credited service. These benefits are provided through insurance companies and their billings are based on the benefits paid during the year. The Authority recognizes the cost of providing these benefits by expensing the annual insurance company billings, which were \$1,080,295 for 2006. The number of participants currently eligible to receive benefits is 117.

On October 1, 2005 the Authority established the Retiree Health Care Plan & Trust (the "Plan & Trust") with a fiscal year ending September 30, 2006 and transferred \$4,122,500 from the compensated absences internal service fund to the newly established Plan and Trust. In addition, the Authority contributed \$367,800 from the General Fund. This Plan and Trust was created, under the authority of the Public Employee Health Care Fund Investment Act, Public Act 149 of 1999 (MCL 38.1211 et seq.), and shall constitute a governmental trust pursuant to Section 115 of the Internal Revenue Code of 1986, as amended. The Plan and Trust was established to allow for the Authority's funding of retiree health care benefits, an essential governmental function. The Plan and Trust was created for the exclusive purpose of providing health care, dental, and optical insurance benefits or such other benefits approved by the Authority for the welfare of certain retirees and spouses eligible to receive a retirement benefit.

HURON-CLINTON METROPOLITAN AUTHORITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

E. Defined Benefit Pension Plan

The following brief description of the Huron-Clinton Metropolitan Authority's Employee's Retirement Plan (The Plan) is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

1. Plan Description

The Plan is a single-employer noncontributory defined benefit pension plan covering substantially all of the Authority's full-time employees. The Plan's fiscal year end is September 30, however, the actuarial valuation of the funded status of the Plan is performed as of October 1 of each year. The Plan is included as a pension trust fund in the Authority's primary government financial statements and a stand-alone financial report of the Plan has not been issued. The Plan is administered by the Authority's Pension Committee as appointed by the Authority's Board of Commissioners. Benefit provisions and contribution requirements are established and may be amended by the Board of Commissioners.

2. Eligibility

The Plan provides eligible participants with retirement benefits as well as disability benefits. All retirement benefits fully vest after ten years of credited service, with partial vesting granted for service less than ten years. Employees who retire at age 65 are entitled to an annual retirement benefit, payable monthly in an amount equal to 2.0% of the highest consecutive five year average monthly earnings in the last ten years of service, with a maximum monthly benefit of 71% of the final average monthly earnings. Employees may retire at age 60 with an unreduced benefit only if they have 25 or more years of service at early retirement. Employees retiring at age 55 with ten years credited service are entitled to receive a reduced monthly retirement benefit.

At October 1, 2006 the Plan Participants consisted of:

Retirees and beneficiaries currently receiving benefits, terminated vested not receiving benefits and long term disabled employees	95
Current employees -	
Fully vested	153
Partially vested	<u>82</u>
Total	<u><u>320</u></u>

HURON-CLINTON METROPOLITAN AUTHORITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

3. Investments

The Authority maintains an investment policy for the Plan which permits 5% to 40% of Pension Trust Fund assets to be invested in high quality fixed income securities, 15% to 50% in equity type securities and 25% to 60% in guaranteed rate of return contracts.

4. Required contributions

The Authority's funding policy provides for annual employer contributions at actuarially determined rates to fund the increase in prior service liabilities on a level percent of payroll over a thirty-year period. Employer contribution rates are determined using the Entry Age actuarial cost method. Employees are not required to contribute to the Plan.

5. Summary of significant accounting policies

a. Basis of accounting

The Plan's financial statements are prepared using the accrual basis of accounting. The Authority's contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The administrative costs are financed through investment earnings.

b. Method used to value investments

Equity investments and bonds are reported at fair value. GIC investments are valued at estimated fair value. The investments of the Pension Trust Fund are not federally insured.

c. Annual pension cost and net pension obligation

The Authority's annual pension cost and net pension obligation to the Huron-Clinton Metropolitan Authority Employees Retirement Trust for the current year was as follows:

Annual required contribution/pension cost	\$ 1,535,961
Contribution made	<u>(1,535,961)</u>
Increase (decrease) in net pension obligation	-
Net pension obligation, beginning of year	-
Net pension obligation, end of year	<u>\$ -</u>

HURON-CLINTON METROPOLITAN AUTHORITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

The annual required contribution for the current year was determined as part of the October 1, 2005 actuarial valuation using the individual entry age actuarial cost method. Benefits are funded on a level percentage of earnings from each participant's date of participation to assumed retirement date. The effects of plan improvements and changes in assumptions are amortized over 30 years. The actuarial assumptions included (a) 8% investment rate of return on the investment, compounded annually, and (b) projected salary increases of 5% per year compounded annually. There is no assumption for cost of living or inflationary adjustments. Smoothed asset value that spreads the difference between the assumed return and the actual investment return over a five (5) year period was used to determine the actuarial value of assets. The amortization method used is a 30-year, level percent of payroll method where the effect of plan improvements and changes in assumptions are amortized over 30 years on an open end basis. Gains and losses are not separately amortized but reduce or increase the amortization balances and payments.

d. Concentration of risk

The Authority has investments in individual organizations that each represents an amount of 5% or more of total plan net assets. These organizations are as follows:

<u>Organization</u>	<u>Investment Type</u>	<u>Percent</u>
Lincoln National Life	Immediate Participation Contract	9%

e. Trend information

Nine-Year Trend Information

	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/06	\$ 1,535,961	100%	\$ -
9/30/05	1,481,046	100%	-
9/30/04	1,565,484	100%	-
9/30/03	1,428,188	100%	-
9/30/02	1,296,200	100%	-
9/30/01	1,024,200	100%	-
9/30/00	1,060,700	100%	-
9/30/99	1,109,700	100%	-
9/30/98	1,095,300	100%	-

HURON-CLINTON METROPOLITAN AUTHORITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

f. Combining financial information

The combining financial information of the Authority's Pension Trust Fund and the Post employment Benefit Trust Fund, as of and for the year ended September 30, 2006, is as follows:

	Pension Trust Funds		Total Pension Trust Funds
	Pension Trust Fund	Post-Employment Benefit Trust Fund	
ASSETS			
Employer contribution receivable	\$ -	\$ -	\$ -
Investments, fair value			
Immediate participation contracts	2,947,085	-	2,947,085
Stock/bond funds	23,378,984	3,239,016	26,618,000
U.S. Government agencies	1,991,050	1,432,354	3,423,404
Guaranteed investment contracts	4,196,833	-	4,196,833
Money markets	-	147,304	147,304
	<u>32,513,952</u>	<u>4,818,674</u>	<u>37,332,626</u>
Total investments	32,513,952	4,818,674	37,332,626
Total assets	<u>32,513,952</u>	<u>4,818,674</u>	<u>37,332,626</u>
LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
Net assets held in trust for pension benefits	<u>\$ 32,513,952</u>	<u>\$ 4,818,674</u>	<u>\$ 37,332,626</u>
	Pension Trust Funds		Total Pension Trust Funds
	Pension Trust Fund	Post-Employment Benefit Trust Fund	
ADDITIONS			
Employer contributions	\$ 1,535,961	\$ 4,490,300	\$ 6,026,261
Investment income:			
Net increase in fair value of investments	1,356,965	163,454	1,520,419
Interest	366,083	166,864	532,947
Investment expense	(70,128)	(1,944)	(72,072)
Net investment income	<u>1,652,920</u>	<u>328,374</u>	<u>1,981,294</u>
Total additions	3,188,881	4,818,674	8,007,555
DEDUCTIONS			
Benefits	<u>1,264,959</u>	<u>-</u>	<u>1,264,959</u>
Net increase for the year	<u>1,923,922</u>	<u>4,818,674</u>	<u>6,742,596</u>
Net assets held in trust for pension benefits beginning of year	<u>30,590,030</u>	<u>-</u>	<u>30,590,030</u>
Net assets held in trust for pension benefits end of year	<u>\$ 32,513,952</u>	<u>\$ 4,818,674</u>	<u>\$ 37,332,626</u>

* * * * *

Required Supplementary Information

HURON-CLINTON METROPOLITAN AUTHORITY, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED

DEFINED BENEFIT PENSION TRUST TREND INFORMATION

Schedule of Funding Progress

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(AVA)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(AAL)</u> <u>Entry</u> <u>Level</u>	<u>Unfunded</u> <u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(UAAL)</u>	<u>Funded</u> <u>Ratio</u>	<u>Annual</u> <u>Covered</u> <u>Payroll</u>	<u>UAAL</u> <u>as</u> <u>Percent</u> <u>of</u> <u>Payroll</u>
10/01/06	\$ 33,131,710	\$ 44,726,567	\$ 11,594,857	74.08%	\$ 13,573,781	85.42%
10/01/05	30,982,940	41,782,635	10,799,695	74.15%	13,218,446	81.70%
10/01/04	28,731,536	39,038,186	10,306,650	73.60	12,766,133	80.73%
10/01/03	26,457,537	38,101,864	11,644,327	69.44	12,679,185	91.84
10/01/02	24,764,521	35,293,506	10,528,985	70.17	11,891,095	88.55
10/01/01	23,232,621	28,310,224	5,077,603	82.06	11,367,338	44.67
10/01/00	26,160,347	28,688,211	2,527,864	91.19	11,127,368	22.72
10/01/99	22,960,149	26,701,349	3,741,200	85.99	10,471,482	35.73
10/01/98	21,792,229	26,579,992	4,787,763	81.99	10,330,159	46.35

Schedule of Employer Contributions

<u>Fiscal</u> <u>Year Ending</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Actual</u> <u>Annual</u> <u>Contribution</u>	<u>Percent of</u> <u>Required</u> <u>Contribution</u>
9/30/06	\$ 1,535,961	\$ 1,535,961	100%
9/30/05	1,481,046	1,481,046	100%
9/30/04	1,565,484	1,565,484	100
9/30/03	1,428,188	1,428,188	100
9/30/02	1,296,200	1,296,200	100
9/30/01	1,024,200	1,024,200	100
9/30/00	1,060,700	1,060,700	100
9/30/99	1,109,700	1,109,700	100
9/30/98	1,095,300	1,095,300	100

Supplementary Information

HURON - CLINTON METROPOLITAN AUTHORITY, MICHIGAN

COMBINING STATEMENT OF FIDUCIARY NET ASSETS PENSION TRUST FUNDS

SEPTEMBER 30, 2006

	Pension Trust Funds		
	Pension Trust Fund	Post-Employment Benefit Trust Fund	Total Pension Trust Funds
ASSETS			
Investments, fair value			
Immediate participation contracts	\$ 2,947,085	\$ -	\$ 2,947,085
Stock/bond funds	23,378,984	3,239,016	26,618,000
U.S. Government agencies	1,991,050	1,432,354	3,423,404
Guaranteed investment contracts	4,196,833	-	4,196,833
Money markets	-	147,304	147,304
Total investments	32,513,952	4,818,674	37,332,626
Total assets	32,513,952	4,818,674	37,332,626
LIABILITIES			
	-	-	-
Net assets held in trust for pension benefits	\$ 32,513,952	\$ 4,818,674	\$ 37,332,626

HURON - CLINTON METROPOLITAN AUTHORITY, MICHIGAN
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Pension Trust Funds		Total Pension Trust Funds
	Pension Trust Fund	Post-Employment Benefit Trust Fund	
ADDITIONS			
Employer contributions	\$ 1,535,961	\$ 4,490,300	\$ 6,026,261
Investment income:			
Net increase in fair value of investments	1,356,965	163,454	1,520,419
Interest	366,083	166,864	532,947
Investment expense	(70,128)	(1,944)	(72,072)
Net investment income	<u>1,652,920</u>	<u>328,374</u>	<u>1,981,294</u>
Total additions	3,188,881	4,818,674	8,007,555
DEDUCTIONS			
Benefits	<u>1,264,959</u>	<u>-</u>	<u>1,264,959</u>
Net increase for the year	1,923,922	4,818,674	6,742,596
Net assets held in trust for pension benefits beginning of year	<u>30,590,030</u>	<u>-</u>	<u>30,590,030</u>
Net assets held in trust for pension benefits end of year	<u>\$ 32,513,952</u>	<u>\$ 4,818,674</u>	<u>\$37,332,626</u>

Statistical Section

HURON-CLINTON METROPOLITAN AUTHORITY
NET ASSET BY COMPONENT
2003 THROUGH 2006
(accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities				
Invested in capital assets of related debt	\$150,423,317	\$158,442,986	\$162,087,500	\$175,741,636
Unrestricted	<u>33,824,105</u>	<u>33,503,930</u>	<u>32,851,552</u>	<u>27,468,449</u>
Total governmental activities net assets	<u><u>\$184,247,422</u></u>	<u><u>\$191,946,916</u></u>	<u><u>\$194,939,052</u></u>	<u><u>\$203,210,085</u></u>

Additional years have not been provided due to the implementation of GASB Statement No. 34 in 2003.

HURON-CLINTON METROPOLITAN AUTHORITY
CHANGES IN NET ASSETS
2003 THROUGH 2006
(accrual basis of accounting)

	2003	2004	2005	2006
Expenses				
Park Operating				
Operations	\$30,947,826	\$31,851,971	\$36,304,522	\$34,409,197
Major maintenance	551,473	440,111	760,249	693,405
Administrative office	4,696,832	4,973,413	5,911,474	5,408,260
General planning and engineering	1,095,749	1,042,024	1,306,680	1,095,958
Total operating	<u>37,291,880</u>	<u>38,307,519</u>	<u>44,282,925</u>	<u>41,606,820</u>
Capital Outlay				
Capital improvements	<u>-</u>	<u>227,572</u>	<u>-</u>	<u>14,908</u>
Debt Service				
Interest	<u>9,642</u>	<u>6,809</u>	<u>3,742</u>	<u>667</u>
Total Expenses	<u>\$37,301,522</u>	<u>\$38,541,900</u>	<u>\$44,286,667</u>	<u>\$41,622,395</u>
Revenues				
Program Revenues				
Park charges for services	\$12,869,032	\$12,868,520	\$13,247,181	\$12,814,635
Operating grants	35,322	39,533	25,853	78,989
Capital Grants	<u>504,052</u>	<u>51,154</u>	<u>32,600</u>	<u>-</u>
Total program	<u>13,408,406</u>	<u>12,959,207</u>	<u>13,305,634</u>	<u>12,893,624</u>
General Revenues and Other Changes in Net Assets				
Property taxes	29,131,788	30,126,243	31,460,809	32,650,984
Oil and gas royalties	1,126,795	857,794	946,594	767,856
Donations	95,528	102,379	43,756	128,136
Interest	1,140,703	1,386,833	1,506,083	2,003,680
Miscellaneous	100,833	750,904	237,364	1,449,148
Proceeds/gain (losses)				
from sale of capital assets	<u>6,884,900</u> ⁽¹⁾	<u>58,034</u>	<u>(221,437)</u>	<u>-</u>
Total Revenues	<u>\$51,888,953</u>	<u>\$46,241,394</u>	<u>\$47,278,803</u>	<u>\$49,893,428</u>
Changes in Net Assets	<u>\$14,587,431</u>	<u>\$7,699,494</u>	<u>\$2,992,136</u>	<u>\$8,271,033</u>

⁽¹⁾ The increase results from the sale of 105 excess acres of parkway lands to Commerce Township.

Additional years have not been provided due to the implementation of GASB Statement No. 34 in 2003.

HURON-CLINTON METROPOLITAN AUTHORITY
GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE
1997 THROUGH 2006
(accrual basis of accounting)

<u>Year</u>	<u>Property Tax</u>
1997	\$20,992,085
1998	21,891,950
1999	23,223,987
2000	24,711,866
2001	25,771,828
2002	27,462,221
2003	29,014,371
2004	30,081,579
2005	31,398,443
2006	32,597,201

HURON-CLINTON METROPOLITAN AUTHORITY
FUND BALANCES OF GOVERNMENTAL FUNDS
2003 THROUGH 2006
(modified accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund				
Reserved	\$ 7,551,555	\$ 6,159,551	\$ 3,905,434	\$ 7,953,899
Unreserved	<u>12,792,290</u>	<u>20,331,494</u>	<u>21,569,922</u>	<u>17,088,644</u>
Total general fund	<u>\$ 20,343,845</u>	<u>\$ 26,491,045</u>	<u>\$ 25,475,356</u>	<u>\$ 25,042,543</u>
Capital Projects Fund				
Reserved	\$ -	\$ 88,198	\$ -	\$ 884,522
Unreserved	<u>5,498,496</u>	<u>6,089,802</u>	<u>6,445,420</u>	<u>5,068,823</u>
Total capital projects fund	<u>\$ 5,498,496</u>	<u>\$ 6,178,000</u>	<u>\$ 6,445,420</u>	<u>\$ 5,953,345</u>

Additional years have not been provided due to the implementation of GASB Statement No. 34 in 2003.

HURON-CLINTON METROPOLITAN AUTHORITY
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
2003 THROUGH 2006
(modified accrual basis of accounting)

	2003	2004	2005	2006
Revenues				
Property taxes	\$29,014,371	\$30,081,579	\$31,398,443	\$32,597,201
Oil and gas royalties	1,126,795	857,794	946,594	767,856
Donations	95,528	102,379	43,756	128,136
Interest	1,140,703	1,386,833	1,506,083	2,003,680
Miscellaneous	35,833	750,904	202,364	1,517,962
Park charges for services	12,869,032	12,868,520	13,247,181	12,814,635
Operating grants	35,322	39,533	25,853	78,989
Capital grants	504,052	51,154	32,600	-
Proceeds from sale of capital assets	312,540	7,504,896	479,627	533,977
Total Revenues	45,134,176	53,643,592	47,882,501	50,442,436
Expenditures				
Operations	26,790,021	27,545,339	28,506,499	29,616,888
Major maintenance	551,473	440,111	760,249	693,405
Administrative office	4,610,912	4,874,199	5,166,242	5,337,720
General planning and engineering	1,095,749	1,042,024	1,022,421	1,068,791
Engineering and planning	760,409	930,994	1,154,185	920,868
Capital improvements	9,236,618	8,742,035	7,258,425	10,993,199
Equipment	1,823,479	2,222,627	2,164,707	2,497,008
Land acquisition	1,841,433	975,639	2,554,122	213,825
Debt service	43,920	43,920	43,920	25,620
Total expenditures	46,754,014	46,816,888	48,630,770	51,367,324
Excess of revenues over (under) expenditures	(1,619,838)	6,826,704	(748,269)	(924,888)
Net changes in fund balance	(\$1,619,838)	\$6,826,704	(\$748,269)	(\$924,888)
Debt service as a percentage of non-capital expenditures	.001%	.001%	.001%	.001%

HURON-CLINTON METROPOLITAN AUTHORITY
TAXABLE AND ASSESSED VALUES OF PROPERTY
1997 through 2006
(Unaudited)

Year	Real Property (a)		Personal Property (a)		Total Real & Personal Property (a)			Percent Change in Market Value
	Taxable Value (b)	State Equalized Value (c)	Taxable Value (b)	State Equalized Value (c)	Taxable Value (b)	State Equalized Value (c)	Estimated Market Value (d)	
1997	\$80,451,545,292	\$83,442,369,469	\$14,414,192,856	\$14,418,720,276	\$94,865,738,148	\$97,861,089,745	\$195,722,179,490	
1998	85,012,600,255	90,398,876,687	15,233,069,112	17,885,332,215	100,245,669,367	108,284,208,902	216,568,417,804	9.6%
1999	90,428,401,361	99,615,071,334	16,131,310,931	16,132,357,903	106,559,712,292	115,747,429,237	231,494,858,474	6.4%
2000	96,043,406,699	110,890,450,436	17,143,699,127	17,144,851,898	113,187,105,826	128,035,302,334	256,070,604,668	9.6%
2001	102,733,871,639	123,356,462,942	17,239,884,065	17,250,456,007	119,973,755,704	140,606,918,949	281,213,837,898	8.9%
2002	110,952,502,028	137,336,675,397	17,642,940,700	17,651,873,912	128,595,442,728	154,988,549,309	309,977,098,618	9.3%
2003	119,139,081,597	152,697,255,169	17,611,381,854	17,620,429,268	136,750,463,451	170,317,684,437	340,635,368,874	9.0%
2004	126,175,847,034	165,094,594,200	17,002,280,522	17,052,094,000	143,178,127,556	182,146,688,200	364,293,376,400	6.9%
2005	134,302,160,747	175,187,056,008	17,056,837,498	17,161,548,265	151,358,998,245	192,348,604,273	384,697,208,546	5.6%
2006	142,839,814,996	184,862,351,990	14,385,774,754	14,441,075,293	157,225,589,750	199,303,427,283	398,606,854,566	3.6%

(a) Property value information represents the combined totals of Livingston, Macomb, Oakland, Washtenaw, and Wayne counties. These counties are the member counties of the Metropark district.

(b) The State of Michigan passed a Property Tax Reform measure in 1994 which changed the basis of property taxes. Authority tax millage rates were applied to "Taxable Values" rather than "State Equalized Values" effective with the Authority's tax year 1996. Includes Single Business Tax inventory value of \$2,497,402,508 for years 1997 through 2005; this amount was eliminated by State legislation for 2006 and after.

(c) Includes Single Business Tax inventory value of \$2,497,402,508 for years 1997 through 2005; this amount was eliminated by State legislation for 2006 and after.

(d) Total estimated market value is based on two times State Equalized Value figures.

HURON-CLINTON METROPOLITAN AUTHORITY
TAXABLE VALUATIONS BY COUNTY (a)
December 31, 2006
(Unaudited)

<u>Year</u>	<u>Livingston</u> <u>County</u>	<u>% of</u> <u>Total</u>	<u>Macomb</u> <u>County</u>	<u>% of</u> <u>Total</u>	<u>Oakland</u> <u>County</u>	<u>% of</u> <u>Total</u>	<u>Washtenaw</u> <u>County</u>	<u>% of</u> <u>Total</u>	<u>Wayne</u> <u>County</u>	<u>% of</u> <u>Total</u>	<u>Total</u> <u>Taxable Value (b)</u>	<u>Total</u> <u>%</u>
1997	\$3,555,664,113	3.7%	\$16,600,937,759	17.5%	\$34,770,363,934	36.7%	\$7,542,859,107	8.0%	\$32,395,913,235	34.1%	\$94,865,738,148	100.0%
1998	3,890,206,636	3.9%	17,612,037,126	17.6%	36,945,736,352	36.9%	8,012,231,570	8.0%	33,785,457,133	33.7%	100,245,668,817	100.0%
1999	4,247,108,052	4.0%	18,933,648,514	17.8%	39,537,692,845	37.1%	8,586,934,920	8.1%	35,252,993,619	33.1%	106,558,377,950	100.0%
2000	4,638,498,246	4.1%	20,203,834,066	17.8%	42,233,212,883	37.3%	9,202,183,805	8.1%	36,909,376,826	32.6%	113,187,105,826	100.0%
2001	5,070,286,192	4.2%	21,458,367,809	17.9%	44,847,952,256	37.4%	9,784,416,274	8.2%	38,812,733,173	32.4%	119,973,755,704	100.0%
2002	5,623,065,571	4.4%	23,061,440,253	17.9%	48,133,921,225	37.4%	10,574,832,135	8.2%	41,202,183,544	32.0%	128,595,442,728	100.0%
2003	6,121,696,309	4.5%	24,565,093,998	18.0%	51,171,954,926	37.4%	11,470,389,517	8.4%	43,421,328,701	31.8%	136,750,463,451	100.0%
2004	6,620,481,408	4.6%	25,932,336,788	18.1%	53,657,077,357	37.5%	12,112,746,088	8.5%	44,855,485,915	31.3%	143,178,127,556	100.0%
2005	7,175,532,243	4.7%	27,339,641,757	18.1%	56,463,682,219	37.3%	12,946,069,847	8.6%	47,434,072,179	31.3%	151,358,998,245	100.0%
2006	7,757,534,921	4.9%	28,602,726,523	18.2%	58,862,866,940	37.4%	13,693,361,327	8.7%	48,309,100,039	30.7%	157,225,589,750	100.0%

(a) Property tax levies are not collected directly by Huron-Clinton Metropolitan Authority. Authority property tax levies are collected by local communities within the five county park district and are forwarded to each County Treasurer who distributes the Authority's tax levy to the park district. Accordingly, individual taxpayer records are not maintained by Huron-Clinton Metropolitan Authority.

(b) Includes Single Business Tax inventory value of \$2,497,402,508 for years 1997 through 2005; this amount was eliminated by State legislation for 2006 and after.

HURON-CLINTON METROPOLITAN AUTHORITY
PROPERTY TAX RATES
(per \$1,000 of value)
1997 through 2006

<u>Year</u>	Authority <u>Millage Rate (a)</u>
1997	0.2236
1998	0.2236
1999	0.2235
2000	0.2218
2001	0.2202
2002	0.2186
2003	0.2170
2004	0.2161
2005	0.2154
2006	0.2146

(a) Huron-Clinton Metropolitan Authority operates in five different counties encompassing many different townships, cities, and school districts. Huron-Clinton Metropolitan Authority does not collect any taxes on behalf of any other governmental entity.

HURON-CLINTON METROPOLITAN AUTHORITY
PROPERTY TAX LEVIES AND COLLECTIONS
1997 through 2006
(Unaudited)

<u>Year</u>	<u>Initial Tax Levy (a)</u>	<u>Current Year Tax Collections (b)</u>	<u>Percent of Current Year Taxes Collected</u>	<u>Prior Years Tax Receivable Balances</u>	<u>Prior Years Tax Receivable Collections (b)</u>	<u>Percent of Prior Years Taxes Collected</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections (c)</u>	<u>Outstanding Tax Receivable Balances At Year End</u>
1997	\$21,211,979	\$20,999,654	99.0%	\$549,246	\$309,396	56.3%	\$21,309,050	97.9%	\$232,282
1998	22,414,932	22,157,845	98.9%	232,282	(21,936)	-9.4%	22,135,909	97.7%	254,738
1999	23,816,047	23,274,444	97.7%	254,738	(321,460)	-126.2%	22,952,984	95.4%	469,286
2000	25,109,395	24,702,357	98.4%	469,286	183,996	39.2%	24,886,353	97.3%	293,831
2001	26,426,712	25,817,188	97.7%	293,831	(46,791)	-15.9%	25,770,397	96.4%	459,577
2002	28,123,451	27,391,832	97.4%	459,577	62,188	13.5%	27,454,020	96.1%	675,715
2003	29,691,333	28,906,808	97.4%	675,715	107,369	15.9%	29,014,177	95.5%	793,132
2004	30,959,524	30,092,971	97.2%	793,132	(4,541)	-0.6%	30,088,430	94.8%	881,795
2005	32,594,188	31,344,360	96.2%	881,795	61,193	6.9%	31,405,553	93.8%	1,001,161
2006	33,740,612	32,550,725	96.5%	1,001,161	34,311	3.4%	32,585,036	93.8%	1,121,945

(a) Initial tax levy amounts exclude Industrial, Commercial, Downtown Development Authority, Tax Incremental Financing Authority tax abatement properties, Board of Review, and State Tax Tribunal adjustments.

(b) Tax collection amounts are net of refunds ordered by Boards of Review and the State Tax Tribunal.

(c) Compares total tax collections to initial tax levy and prior years tax receivable balances at year end.

**HURON-CLINTON METROPOLITAN AUTHORITY
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND FIVE YEARS AGO**

Taxpayer	2006			2001 *		
	Taxable Value (a)	Rank	Percent of Total Authority Taxable Value	Taxable Value (a)	Rank	Percent of Total Authority Taxable Value
Ford Motor Company	\$ 2,393,192,433	1	1.52%	\$ 3,023,395,410	1	2.52%
General Motors Corp.	1,804,553,341	2	1.15%	1,768,964,668	3	1.47%
Detroit Edison Corp.	1,802,470,637	3	1.15%	1,736,894,317	4	1.45%
Daimler/Chrysler	1,794,000,258	4	1.14%	2,067,686,676	2	1.72%
Visteon	634,321,686	5	0.40%	513,551,858	5	0.43%
Michigan Consolidated Gas	466,316,277	6	0.30%	404,770,871	6	0.34%
Consumers Power/Energy	311,127,553	7	0.20%	298,009,622	7	0.25%
National Steel	286,516,730	8	0.18%	292,693,218	8	0.24%
Auto Alliance International	271,551,112	9	0.17%	-	-	-
Pfizer Global	246,546,810	10	0.16%	-	-	-
Twelve Oaks/Taubman, et.al	-	-	-	190,907,026	10	0.16%
Rouge Steel	-	-	-	217,000,300	9	0.18%
Total Ten Largest Taxpayers	<u>\$ 10,010,596,837</u>		<u>6.37%</u>	<u>\$10,513,873,966</u>		<u>8.76%</u>

* The oldest history available to H.C.M.A. for the top ten taxpayers is 2001. Nine year old history (1997) is not available.

(a) Taxable values include Industrial Facility Act 198 properties and Commercial Facility Act 255 properties. Taxable values have been combined if the taxpayer has locations in more than one county.

**HURON-CLINTON METROPOLITAN AUTHORITY
DEMOGRAPHIC STATISTICS**

Total Population by County (a)						
Year	Livingston	Macomb	Oakland	Washtenaw	Wayne	Total
1940	26,725	107,638	254,068	80,810	2,015,623	2,484,864
1950	38,233	184,961	396,001	134,606	2,435,235	3,189,036
1960	38,233	405,804	690,259	172,440	2,666,297	3,973,033
1970	58,967	626,204	907,871	234,103	2,670,368	4,497,513
1980	100,289	694,600	1,011,793	264,748	2,337,891	4,409,321
1990	115,645	717,400	1,083,592	282,937	2,111,687	4,311,261
2000	156,951	788,149	1,194,156	322,895	2,061,162	4,523,313
2006	184,511	832,861	1,214,255	344,047	1,971,853	4,547,527

Number of Households by County (b)						
Livingston	Macomb	Oakland	Washtenaw	Wayne	Total	
55,331	309,502	471,390	125,465	768,626	1,730,314	

Household Income by County (b)						
Income	Livingston	Macomb	Oakland	Washtenaw	Wayne	Total
Less than \$10,000	1,564	16,841	21,981	9,960	92,221	142,567
\$10,000 to \$14,999	1,514	14,229	16,449	5,715	48,855	86,762
\$15,000 to \$24,999	3,394	31,627	39,238	12,388	99,816	186,463
\$25,000 to \$34,999	4,483	35,120	43,722	13,577	93,954	190,856
\$35,000 to \$49,999	7,263	48,613	64,281	18,493	119,059	257,709
\$50,000 to \$74,999	12,925	70,908	97,196	24,139	144,208	349,376
\$75,000 to \$99,999	10,083	44,675	69,248	16,365	81,981	222,352
\$100,000 to \$149,999	9,838	35,966	69,671	15,960	62,511	193,946
\$150,000 to \$199,999	2,361	6,981	23,826	4,467	13,796	51,431
\$200,000 or more	1,906	4,542	25,778	4,401	12,225	48,852

Median Household Income (b)					
Livingston	Macomb	Oakland	Washtenaw	Wayne	
\$67,400	\$52,102	\$61,907	\$51,990	\$40,776	

Ethnicity by County (c)						
Ethnicity	Livingston	Macomb	Oakland	Washtenaw	Wayne	Total
White	172,591	744,381	991,855	262,664	1,083,712	3,255,203
Black	1,054	40,002	139,347	41,804	849,560	1,071,767
American Indian	773	2,740	3,317	1,275	7,787	15,892
Asian	1,372	23,549	61,882	25,906	43,586	156,295
Other	114	238	355	162	811	1,680
Two or more races	1,634	11,750	16,583	7,380	30,746	68,093

Age	Age by County (c)					Total
	Livingston	Macomb	Oakland	Washtenaw	Wayne	
under 5	10,139	50,316	76,857	20,869	145,992	304,173
5 through 9	12,553	53,473	81,521	20,570	149,162	317,279
10 through 14	14,104	56,889	87,774	20,605	172,280	351,652
15 through 19	13,471	51,456	79,594	27,964	141,776	314,261
20 through 24	12,343	51,111	66,797	28,620	127,168	286,039
25 through 34	20,738	112,408	149,324	63,289	263,775	609,534
35 through 44	30,064	131,816	201,077	51,696	301,327	715,980
45 through 54	29,234	120,813	197,309	46,811	289,728	683,895
55 through 59	10,914	47,053	77,290	18,068	110,113	263,438
60 through 64	7,999	37,137	55,901	12,026	80,032	193,095
65 through 74	8,711	52,392	68,008	14,737	110,102	253,950
75 through 84	5,408	42,044	52,031	10,182	90,839	200,504
85 and over	1,860	15,752	19,856	3,754	33,908	75,130

(a) Data from the 2006 U. S. Census Population Estimate.

(b) Data from the 2000 U.S. Census.

(c) Data as of July 1, 2004 from the State of Michigan in collaboration with the Population Estimate Branch of the U.S. Census.

**HURON-CLINTON METROPOLITAN AUTHORITY
FULL-TIME EQUIVALENT AUTHORITY EMPLOYEES BY LOCATION
2005 THROUGH 2006**

Location	<u>2005</u>	<u>2006</u>
Administrative Office	34	34
Engineering/Planning	16	15
Metro Beach Metropark	65	67
Kensington Metropark	99	98
Lower Huron Metropark	36	37
Hudson Mills Metropark	38	37
Stony Creek Metropark	50	50
Willow/Oakwoods Metroparks	54	50
Lake Erie Metropark	59	58
Wolcott Mill Metropark	25	25
Indian Springs Metropark	30	30
Huron Meadows Metropark	<u>19</u>	<u>19</u>
Total	<u><u>525</u></u>	<u><u>520</u></u>

**HURON-CLINTON METROPOLITAN AUTHORITY
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
2005 THROUGH 2006**

	<u>2005</u>	<u>2006</u>
Number of Regional Parks	13	13
Acres		
Developed	5,800	5,800
Undeveloped	18,139	18,044
Under Recreational Lease to Other Agencies	<u>600</u>	<u>600</u>
Total	<u><u>24,539</u></u>	<u><u>24,444</u></u>
Attendance	9,028,243	8,742,396
Basketball Courts	18	18
Boat Launch Ramps	44	44
Boat/ Canoe Rental Facilities	5	5
Buildings		
Number of Buildings Maintained	315	315
Square Footage of Buildings Maintained	656,170	656,170
Cross Country Ski Trails - Number of Miles	59	59
Disc Golf		
Courses	5	5
Holes	96	96
Equestrian Trails - Number of Miles	29	29
Excursion Boat	1	1
General Grounds Maintenance - Acres Mowed Annually	3,032	3,032
Golf Courses		
Regulation 18 Hole Courses	8	8
Number of Golf Rounds	248,071	241,832
Par 3 Courses	2	2
Number of Golf Rounds	34,734	31,273
Driving Ranges	5	5
Ice Skating Rinks - Outdoor	9	9

**HURON-CLINTON METROPOLITAN AUTHORITY
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
2005 THROUGH 2006**

	2005	2006
Interpretive Centers		
Environmental Discovery Center	1	1
Farm Centers	2	2
Grist Mill	1	1
Nature Centers	6	6
Mobile Metropark	1	1
Number of Visitors	1,472,963	1,543,225
Number of Interpretive Programs	10,009	9,822
Hike/ Bike Trails (paved) - Number of Miles of Paved Trails	53	54
Marinas - Number of Boat Slips	554	554
Miles of Shoreline	100	100
Nature Trails - Number of Miles	53	53
Outdoor Dance Centers	2	2
Number of Patrol Vehicles	33	34
Number of Law Violations		
Arrests	31	43
Traffic Violations	463	644
Other Violations	131	310
Parking Lots - Square Yards Maintained	814,428	814,428
Picnicking		
Number of Picnic Areas	85	85
Number of Picnic Shelters	82	82
Play Areas/ Tot Lots	45	45
Road System - Number of Lane Miles Maintained	166	166
Skate Parks	1	1
Sledding/ Toboggan Hills	18	18
Swimming		
Beaches	5	5
Pools	4	4
Spray Pads	1	2
Tennis Courts	9	9

HURON-CLINTON METROPOLITAN AUTHORITY
METROPARK GENERAL GOVERNMENTAL EXPENDITURES BY TYPE (a)
1997 through 2006
(Unaudited)

Year	Engineering & Planning	Capital Improvements	Equipment	Land Acquisition	Major Maintenance	General Administration	General Planning & Engineering	Park Operations	Capital Projects Fund	Debt Service	Total
1997	\$ 757,884	\$ 4,605,358	\$1,469,714	\$ 451,943	\$1,543,355	\$ 3,040,465	\$ 691,181	\$ 20,442,608	\$ 206,507		\$33,209,015
1998	493,247	3,219,789	2,048,714	779,451	1,259,896	3,009,699	664,568	22,584,896	1,563,279		35,623,539
1999	383,019	2,585,075	2,263,740	349,993	1,046,587	3,391,294	747,471	23,015,522	263,028		34,045,729
2000	442,345	3,554,743	2,476,517	385,853	1,627,146	3,412,143	744,880	24,105,949	310,672		37,060,248
2001	851,255	6,556,137	2,388,964	474,162	710,288	3,732,417	918,464	25,011,858	122,514	\$ 18,300	40,784,359
2002	1,292,158	5,859,604	2,103,987	1,084,834	158,918	4,000,801	1,005,208	26,364,199	170,733	43,920	42,084,362
2003	757,854	8,954,353	1,823,479	1,841,433	542,773	4,610,912	1,095,749	26,790,021	293,520	43,920	46,754,014
2004	853,857	8,530,468	2,222,627	975,639	440,111	4,874,199	1,042,024	27,545,339	288,704	43,920	46,816,888
2005	1,015,643	6,525,798	2,164,707	2,554,122	760,249	5,166,242	1,022,421	28,506,499	871,169	43,920	48,630,770
2006	723,530	9,663,892	2,497,008	213,825	693,405	5,337,720	1,068,791	29,616,888	1,526,645	25,620	51,367,324

(a) Includes General and Capital Projects Funds.

HURON-CLINTON METROPOLITAN AUTHORITY
METROPARK GENERAL GOVERNMENTAL EXPENDITURES BY TYPE (a)
1997 through 2006
(Unaudited)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Total
Engineering and Planning											
Metro Beach Metropark	\$ 79,102	\$ 64,956	\$ 74,080	\$ 82,800	\$ 117,643	\$ 100,111	\$ 21,695	\$ 37,887	\$ 90,856	\$ 29,396	\$ 698,526
Kensington Metropark	46,401	65,722	90,384	104,410	109,095	61,770	70,753	306,915	145,424	122,709	1,123,583
Lower Huron Metropark	3,565	13,635	7,190	8,116	15,427	84,205	59,998	76,990	444,519	356,315	1,069,960
Dexter/Delhi/Hudson Mills Metroparks	10,239	17,110	17,449	53,663	42,069	62,081	38,589	35,760	58,317	10,620	345,898
Stony Creek Metropark	30,790	52,998	17,219	11,259	25,753	20,795	43,914	53,965	104,522	88,882	450,097
Willow/Oakwoods Metropar	13,415	24,322	14,469	9,090	27,541	56,027	51,935	18,789	9,120	18,741	243,449
Lake Erie Metropark	44,816	86,311	96,475	56,342	82,364	87,912	75,474	52,883	36,914	23,094	642,585
Wolcott Mill Metropark	37,627	45,108	33,772	37,822	31,731	26,423	55,579	72,134	21,944	18,118	380,258
Indian Springs Metropark	463,018	97,651	24,678	49,034	372,621	788,055	338,525	195,367	98,067	39,969	2,466,985
Huron Meadows Metropark	3,912	11,434	37,302	29,811	27,011	4,779	1,392	3,167	5,960	15,686	140,453
Total	732,885	479,247	413,018	442,346	851,255	1,292,158	757,854	853,857	1,015,643	723,530	7,561,793
Capital Improvements											
Administrative Office	-	-	-	-	-	52,200	-	18,997	-	-	71,197
Metro Beach Metropark	458,122	704,403	499,235	979,340	2,207,116	768,261	810,665	126,665	202,995	65,937	6,822,739
Kensington Metropark	688,753	74,120	588,695	845,201	658,013	1,192,857	253,106	149,361	1,986,107	2,360,510	8,796,723
Dexter-Delhi Metropark	-	-	81,785	-	81,485	-	226,024	-	-	-	389,294
Lower Huron Metropark	138,451	31,807	15,919	42,018	413,101	169,844	608,307	443,517	176,055	2,374,332	4,413,351
Hudson Mills Metropark	69,216	49,995	124,412	93,235	585,142	422,943	258,237	81,661	40,756	49,281	1,774,878
Stony Creek Metropark	860,361	87,371	90,423	170,894	294,103	449,660	401,809	207,697	835,754	3,567,273	6,965,345
Willow/Oakwoods Metropar	913,987	351,836	74,206	73,327	429,542	281,140	835,059	628,575	132,920	238,977	3,959,569
Lake Erie Metropark	517,687	477,022	866,754	820,797	690,602	563,620	790,485	1,373,495	1,053,897	309,228	7,463,587
Wolcott Mill Metropark	286,649	1,269,948	68,070	237,120	206,335	526,726	186,269	409,822	382,150	343,871	3,916,960
Indian Springs Metropark	522,724	138,611	55,882	23,208	234,026	1,193,345	4,541,755	5,048,973	1,688,696	307,415	13,754,635
Huron Meadows Metropark	149,408	34,676	119,694	269,603	706,672	189,008	42,637	41,705	26,468	32,159	1,612,030
Cost Share Other Agencies	-	-	-	-	50,000	50,000	-	-	-	14,909	114,909
Total	4,605,358	3,219,789	2,585,075	3,554,743	6,556,137	5,859,604	8,954,353	8,530,468	6,525,798	9,663,892	60,055,217

(continued)

HURON-CLINTON METROPOLITAN AUTHORITY
METROPARK GENERAL GOVERNMENTAL EXPENDITURES BY TYPE (a)
1997 through 2006
(Unaudited)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Total
Equipment											
Administrative Office	77,953	88,668	69,778	161,773	86,821	108,946	42,060	166,333	139,760	96,951	1,039,043
Central Pool Equipment	69,175	82,373	179,839	73,812	77,888	150,918	72,746	46,650	28,726	9,364	791,491
Metro Beach Metropark	131,599	188,494	58,248	259,638	232,385	289,259	211,863	253,728	127,354	157,643	1,910,211
Kensington Metropark	154,162	177,344	254,537	498,225	492,797	341,587	373,116	387,659	460,615	337,725	3,477,767
Lower Huron Metropark	123,221	108,256	244,454	89,093	181,332	149,880	93,438	139,166	59,829	164,618	1,353,287
Hudson Mills Metropark	245,301	145,820	179,855	209,149	280,478	199,324	229,657	131,460	65,252	326,217	2,012,513
Stony Creek Metropark	132,355	141,985	244,365	348,139	142,239	194,702	93,402	110,187	175,402	219,227	1,802,003
Willow/Oakwoods Metropar	76,941	224,004	154,200	226,177	335,771	249,450	181,343	157,162	213,683	499,262	2,317,993
Lake Erie Metropark	168,711	277,182	290,952	236,304	310,626	169,408	129,613	366,267	196,337	234,135	2,379,535
Wolcott Mill Metropark	66,492	291,505	366,428	44,358	125,782	122,295	61,677	70,006	256,663	125,892	1,531,098
Indian Springs Metropark	102,091	268,985	116,663	85,627	100,265	102,836	214,273	246,294	129,416	185,499	1,551,949
Huron Meadows Metropark	121,713	54,098	104,421	244,222	22,580	25,382	120,291	151,963	311,670	140,475	1,296,815
Total	1,469,714	2,048,714	2,263,740	2,476,517	2,388,964	2,103,987	1,823,479	2,226,875	2,164,707	2,497,008	21,463,705
Land Acquisition											
Kensington Metropark	222,834	1,513	4,000	364,111	(6,260)	2,000	4,000	3,200			595,398
Hudson Mills Metropark	-	-	2,575	-	-	-	-	-			2,575
Lake Erie Metropark	11,478	12,238	12,238	12,238	12,238	12,238	-	-			72,668
Wolcott Mill Metropark	-	757,583	330,298	4,979	43,603	678,140	1,823,989	968,439	2,553,622		7,160,653
Indian Springs Metropark	189,256	774	-	2,400	-	125,019	-	4,000	500	213,825	535,774
Huron Meadows	-	-	-	-	414,427	239,483	154	-			654,064
Other Metroparks	28,375	7,343	882	2,125	10,154	27,954	13,290	-			90,123
Total	451,943	779,451	349,993	385,853	474,162	1,084,834	1,841,433	975,639	2,554,122	213,825	9,111,255

HURON-CLINTON METROPOLITAN AUTHORITY
METROPARK GENERAL GOVERNMENTAL EXPENDITURES BY TYPE (a)
1997 through 2006
(Unaudited)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Total
Major Maintenance											
Administrative Office - Engineering/											
General Planning	56,610	92,077	110,587	111,312	86,896	8,578	41,930	14,471	31,961	52,128	606,550
Metro Beach Metropark	306,954	306,922	74,459	310,683	253,609	-	104,111	66,940	39,450	213,324	1,676,452
Kensington Metropark	365,634	394,283	260,012	242,043	44,757	20,000	20,314	65,732	177,996	106,745	1,697,516
Lower Huron Metropark	75,856	38,052	124,327	136,218	53,602	25,434	30,588	-	54,396		538,473
Hudson Mills Metropark	59,650	62,034	20,806	12,862	15,615	13,946	-	-	23,739	12,486	221,138
Stony Creek Metropark	103,344	167,389	106,211	95,847	40,288	42,128	87,756	183,943	129,910	113,320	1,070,136
Willow Metropark	119,220	75,024	42,258	267,806	58,570	-	40,130	69,180	96,297	68,959	837,444
Oakwoods Metropark	31,374	-	58,965	59,452	-	-	14,096	-	22,378		186,265
Lake Erie Metropark	408,763	32,546	184,570	202,095	100,135	24,168	132,829	-	169,882	41,393	1,296,381
Wolcott Mill Metropark	-	31,045	41,580	128,328	12,433	-	71,019	39,845	14,240	36,825	375,315
Indian Springs Metropark	-	-	-	30,186	44,383	24,665	-	-		11,080	110,314
Huron Meadows Metropark	15,950	60,524	22,812	30,314	-	-	-	-		37,145	166,745
Total	1,543,355	1,259,896	1,046,587	1,627,146	710,288	158,918	542,773	440,111	760,249	693,405	8,782,728
											(continued)
General Administration											
Administrative Office	\$ 3,040,465	\$ 3,009,699	\$ 3,391,294	\$ 3,412,143	\$ 3,732,417	\$ 4,000,801	\$ 4,610,912	\$ 4,874,199	\$ 5,166,242	\$ 5,337,720	\$ 40,575,892
General Planning and Engineering	716,181	678,568	717,472	744,879	918,464	1,005,208	1,095,749	1,042,024	1,022,421	1,068,791	9,009,757
Park Operations											
Metro Beach Metropark	2,791,195	2,984,974	3,009,423	3,070,495	3,447,245	3,499,164	3,576,481	3,660,261	3,705,877	3,855,113	33,600,228
Kensington Metropark	4,516,133	4,616,790	5,002,595	5,314,204	5,116,128	5,360,464	5,305,731	5,538,977	5,616,835	5,826,464	52,214,321
Lower Huron Metropark	1,458,238	1,631,532	1,613,995	1,737,626	1,794,903	1,894,862	1,965,033	2,007,223	2,156,031	2,331,405	18,590,848
Dexter/Delhi/Hudson Mills Metropark	1,655,274	1,765,476	1,859,190	1,996,729	2,147,988	2,284,270	2,320,032	2,315,986	2,469,310	2,618,337	21,432,592
Stony Creek Metropark	2,453,565	2,469,403	2,600,665	2,728,101	2,940,725	3,052,824	2,959,248	3,107,493	3,106,486	3,276,287	28,694,797
Willow/Oakwoods Metropark	2,479,469	2,581,779	2,678,337	2,631,108	2,716,708	2,840,245	2,908,505	2,944,874	3,008,507	2,947,233	27,736,765
Lake Erie Metropark	2,363,831	2,712,279	2,806,214	2,933,422	3,051,030	3,308,262	3,315,965	3,308,038	3,442,800	3,571,218	30,813,059
Wolcott Mill Metropark	657,047	1,368,183	1,241,961	1,429,895	1,489,034	1,567,083	1,512,385	1,557,867	1,674,284	1,738,010	14,235,749
Indian Springs Metropark	1,112,405	1,175,724	1,240,727	1,246,648	1,311,420	1,394,297	1,437,469	1,738,209	1,889,840	1,974,781	14,521,520
Huron Meadows Metropark	703,621	804,669	734,993	794,096	869,800	969,319	1,018,664	1,039,036	1,027,218	1,048,674	9,010,090
Central Warehouse/Garage/C	251,830	474,087	227,422	223,625	126,877	193,409	470,508	327,375	409,311	429,366	3,133,810
Total	20,442,608	22,584,896	23,015,522	24,105,949	25,011,858	26,364,199	26,790,021	27,545,339	28,506,499	29,616,888	253,983,779
Debt Service											
Principal					12,468	31,662	34,278	37,111	40,178	24,953	180,650
Interest					5,832	12,258	9,642	6,809	3,742	667	38,950
					18,300	43,920	43,920	43,920	43,920	25,620	219,600

HURON-CLINTON METROPOLITAN AUTHORITY
METROPARK GENERAL GOVERNMENTAL EXPENDITURES BY TYPE (a)
1997 through 2006
(Unaudited)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Total
Capital Projects Fund (b)											
Administrative Office-Engineering/											
General Planning	1,124	50,620	6,941	20,065	-	-	-	-			78,750
Metro Beach Metropark	170,585	1,334,804	207,298	-	-	21,616	77,841	-			1,812,144
Kensington Metropark	34,798	-	-	239,224	112,014	7,434	8,700	-	(7,000)		395,170
Lower Huron Metropark	-	-	-	-	10,500	141,683	206,979	37,462	130,277	1,474,985	2,001,886
Stony Creek Metropark	-	177,854	48,789	51,383	-	-	-	-			278,026
Oakwoods Metropark										51,660	51,660
Lake Erie Metropark	-	-	-	-	-	-	-	39,675	747,892		787,567
Cost Share Other Agencies	-	-	-	-	-	-	-	211,567			211,567
Total	206,507	1,563,278	263,028	310,672	122,514	170,733	293,520	288,704	871,169	1,526,645	5,616,770
Total Expenditures	\$ 33,209,015	\$ 35,623,538	\$ 34,045,729	\$ 37,060,248	\$ 40,784,359	\$ 42,084,362	\$ 46,754,014	\$ 46,821,136	\$ 48,630,770	\$ 51,367,324	\$ 416,380,495

(a) Includes General Fund and Capital Projects Fund.

Huron-Clinton Metropolitan Authority
Metropark General Governmental Revenues by Source (a)
1997 through 2006

Year	Property Tax	Park Operations	Interest	Grants	Gifts	Miscellaneous	Other Financing Sources	Capital Projects Fund	Total
1997	\$20,992,085	\$10,246,492	\$1,322,602	\$435,461	\$472,130	\$208,107		\$1,201,271	\$34,878,148
1998	21,891,950	12,399,641	1,401,785	81,859	295,755	381,739		642,255	37,094,984
1999	23,223,987	12,339,493	1,494,672	444,555	41,357	370,984		430,656	38,345,704
2000	24,711,866	12,089,229	2,189,139	53,035	75,269	3,209	\$410,955	666,104	40,198,806
2001	25,771,828	12,093,805	1,644,301	263,479	67,177	37,236	771,793	805,347	41,454,966
2002	27,462,221	11,785,643	732,523	377,185	97,011	66,494	280,663	829,971	41,631,711
2003	29,014,371	12,869,032	1,076,798	539,374	95,528	35,833	312,540	1,190,700	45,134,176
2004	30,081,579	12,868,520	1,276,419	90,687	102,379	750,904	7,504,896	968,208	53,643,592
2005	31,398,443	13,247,181	1,328,532	58,453	43,756	187,920	479,627	1,138,589	47,882,501
2006	32,597,201	12,814,635	1,736,966	78,989	128,136	1,517,962	533,977	1,034,570	50,442,436

(a) Includes General Fund and Capital Projects Fund.

Huron-Clinton Metropolitan Authority
Metropark Operating Revenues by Park
1997 through 2006
(Unaudited)

Park	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Total
Metro Beach Metropark	\$1,584,153	\$1,704,014	\$1,689,384	\$1,444,299	\$1,729,497	\$1,616,428	\$1,718,995	\$1,706,641	\$1,776,918	\$1,678,727	\$16,649,056
Kensington Metropark	2,171,132	2,390,943	2,401,157	2,526,002	2,362,959	2,293,457	2,521,970	2,541,331	2,512,743	2,466,744	24,188,438
Lower Huron Metropark	352,015	410,210	417,279	393,141	435,070	423,839	464,404	473,366	479,665	477,587	4,326,576
Dexter/ Delhi/ Hudson Mills Metroparks	1,009,701	1,160,829	1,134,200	1,126,461	1,037,312	1,042,725	1,134,599	1,127,649	1,111,870	1,013,139	10,898,485
Stony Creek Metropark	967,048	1,068,708	1,103,042	1,126,991	1,244,153	1,240,385	1,471,936	1,494,395	1,531,285	1,524,353	12,772,296
Willow/ Oakwoods Metroparks	943,381	1,101,032	1,162,796	1,118,426	1,086,140	1,095,755	1,212,974	1,173,863	1,285,544	1,280,234	11,460,145
Lake Erie Metropark	1,438,215	1,781,852	1,828,731	1,679,765	1,740,176	1,786,017	1,771,019	1,701,452	1,864,892	1,777,956	17,370,075
Wolcott Mill Metropark	48,579	737,798	967,253	688,543	583,617	470,568	504,944	505,481	590,325	584,720	5,681,828
Indian Springs Metropark	833,189	955,946	922,968	956,069	981,642	910,526	956,387	975,859	955,438	953,005	9,401,029
Huron Meadows Metropark	865,663	1,051,678	677,404	966,545	844,144	813,112	985,539	1,026,133	951,820	912,367	9,094,405
Resident House/Land Leases											
Other	31,260	33,317	32,295	60,386	40,102	89,597	79,297	127,010	129,258	135,285	757,807
Administrative Office	2,156	3,314	2,984	2,601	8,993	3,234	46,968	15,340	57,423	10,518	153,531
Total	<u>\$10,246,492</u>	<u>\$12,399,641</u>	<u>\$12,339,493</u>	<u>\$12,089,229</u>	<u>\$12,093,805</u>	<u>\$11,785,643</u>	<u>\$12,869,032</u>	<u>\$12,868,520</u>	<u>\$13,247,181</u>	<u>\$12,814,635</u>	<u>\$122,753,671</u>

Huron-Clinton Metropolitan Authority
Metropark Operating Revenues by Type
1997 through 2006
(Unaudited)

Type of Revenue	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Total
Food Service	\$218,367	\$787,914	\$813,288	\$831,022	\$593,759	\$696,657	\$797,981	\$814,600	\$857,018	\$825,334	\$7,235,939
Bathhouse/ Pools/Lockers	364,012	470,430	509,927	387,248	554,754	573,402	433,924	364,197	549,641	535,703	4,743,238
Dockage/ Boat Storage	487,967	501,757	456,778	443,840	446,838	468,450	436,286	457,255	449,014	429,671	4,577,857
Boat Rentals	158,091	190,894	173,226	164,326	188,544	185,010	175,735	188,323	216,580	212,216	1,852,946
Excursion Boat	18,979	24,572	19,858	22,019	24,305	21,927	21,602	26,202	28,157	27,503	235,124
Cross Country Skiing	18,003	8,894	24,210	49,631	22,811	11,954	11,859	33,734	31,277	1,929	214,301
Toll Collection	3,203,659	3,489,741	3,446,996	3,355,302	3,661,325	3,668,567	4,674,213	4,666,289	4,732,695	4,636,860	39,535,647
Sundries	154,261	181,290	173,222	165,018	171,542	165,816	140,319	137,190	150,577	133,270	1,572,505
Games/ Equipment Rental	59,832	69,604	65,888	59,675	62,051	61,762	66,053	42,178	68,045	57,314	612,401
Activity Center	21,000	25,875	21,500	19,525	23,650	43,735	42,590	55,950	55,950	75,005	384,780
Reserved Picnics	125,513	170,640	181,198	212,739	258,325	241,093	252,117	255,985	254,985	281,353	2,233,947
Golf Course	5,037,839	6,080,843	6,070,325	5,980,234	5,605,143	5,230,150	5,283,738	5,294,569	5,247,066	4,994,534	54,824,440
Miniature Golf	52,574	59,746	53,533	44,289	52,586	43,041	45,538	52,090	45,635	46,406	495,438
Special Events	133,114	137,729	138,555	112,504	96,043	96,000	86,041	62,595	118,680	40,320	1,021,582
Resident House/ Land/Leases	31,261	33,317	32,295	60,386	40,105	50,578	79,296	85,487	84,369	90,180	587,273
Livestock Sales	45,634	47,376	48,948	49,443	50,901	47,253	43,607	54,936	55,712	73,329	517,139
Hay Rides	34,570	38,592	28,111	35,430	33,427	35,854	44,568	52,497	47,728	42,587	393,363
Site Location Fee	23,300	18,700	22,720	32,770	17,320	13,750	17,800	9,600	15,510	25,170	196,640
Interpretive							97,047	90,314	120,157	161,041	468,558
Miscellaneous	38,113	38,546	39,361	49,264	175,372	119,596	106,896	110,395	107,570	110,363	895,477
Other Park Revenues (a)	20,407	23,181	19,555	14,564	15,004	11,048	11,822	14,134	10,816	14,549	155,080
Total	\$10,246,494	\$12,399,641	\$12,339,493	\$12,089,229	\$12,093,805	\$11,785,643	\$12,869,032	\$12,868,520	\$13,247,181	\$12,814,636	\$122,753,673

(a) Other Park revenues include overnight parking, Environmental Discovery Center and trackless train.

Internal Control and Compliance



REHMANN ROBSON

Certified Public Accountants

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

April 27, 2007

To the Board of Commissioners Trustees
Huron-Clinton Metropolitan Authority
Brighton, Michigan

We have audited the financial statements of the governmental activities and each major fund of the Huron-Clinton Metropolitan Authority (the "Authority"), as of and for the year ended December 31, 2006, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated April 27, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the Authority in a separate letter dated April 27, 2007.

This report is intended solely for the information and use of management and the board members, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Lohman". The signature is written in a cursive, flowing style.



REHMANN ROBSON

Certified Public Accountants

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April 27, 2007

To the Board of Commissioners
Huron-Clinton Metropolitan Authority
Brighton, Michigan

We have audited the financial statements of ***The Huron-Clinton Metropolitan Authority*** for the year ended December 31, 2006, and have issued our report thereon dated April 27, 2007. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the general purpose financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

In planning and performing our audit, we considered the ***Huron-Clinton Metropolitan Authority's*** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether the ***Huron-Clinton Metropolitan Authority's*** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the ***Huron-Clinton Metropolitan Authority's*** compliance with state and federal requirements.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the **Huron-Clinton Metropolitan Authority** are described in Section I of the notes to the financial statements.

There were no transactions entered into by the **Huron-Clinton Metropolitan Authority** during the year that were considered both significant and unusual, and of which, under professional standards, we are required to inform you.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements included: life of capital asset's, accrued compensated absences and the actuarially accrued pension obligations.

Management's estimate of the life of capital assets is based upon management experience and state guidelines. The liability for accrued compensated absences is based on a detailed listing of time earned by employees. The estimate for pension obligations is determined using customary assumptions.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the **Huron-Clinton Metropolitan Authority** that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements. We proposed no audit adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on the **Huron-Clinton Metropolitan Authority's** financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of

an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as *The Huron-Clinton Metropolitan Authority's* auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

Management Letter Items

In planning and performing our audit of the financial statements of the *Authority*, for the year ended December 31, 2006, we considered the *Authority's* internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we became aware of matters that are opportunities for either strengthening internal controls, increasing operating efficiency or preparing for upcoming pronouncements. The following memorandum that accompanies this letter summarizes our comments and suggestions concerning those matters. This letter does not affect our report dated April 27, 2007, on the financial statements of the *Authority*.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various *Authority* personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist the *Authority* in implementing the recommendations.

We would like to thank the staff and management of the *Huron-Clinton Metropolitan Authority* for their assistance and cooperation in completing the audit.

This information is intended solely for the use of the Board of Commissioners and Management of the *Huron-Clinton Metropolitan Authority* and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Memorandum

Other Postemployment Benefits (GASB 45)

The Governmental Accounting Standards Board (GASB) issued statement number 45 “*Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*” in June of 2004.

The Authority will be required to adopt the pronouncement for the plan fiscal year ending September 30, 2008.

The essence of this pronouncement focuses on the recognition of the Authority’s liability for other postemployment benefits such as health care and life insurance benefits offered to Authority retirees and their dependents. In addition, the pronouncement requires that a postemployment benefit fund and trust be established to account for contributions made and benefits paid to/from the plan. We congratulate the Authority in establishing the fund and trust in October, 2005

The Authority completed an actuarial valuation on postemployment benefits in October of 2003. The results of the valuation established an annual required contribution of 19.26% of payroll or \$2,564,000 annually with a total liability of \$37,107,325. The Authority currently expends approximately \$1,000,000 on a pay as you go basis annually for these benefits. The Authority will be required to have an actuarial study performed during the 2007 fiscal year of the plan, which will end September 30, 2007. This actuarial valuation will be used to establish the required contributions to the plan during the 2008 fiscal year. The Authority will then be required to have an actuarial valuation performed semi-annually thereafter. Any shortfalls between actual contributions and the actuarial required contribution would be accounted for as a liability on the Authority’s Statement of Net Assets.

We are impressed by the Authority’s contribution to the plan during the Authority’s 2006 fiscal year and would strongly encourage the Authority to consider the continuation of contributing to the plan prior to the required adoption date. The benefit to this is that overall the required contributions will probably be less than one that would need to be established during the 2007 actuarial valuation. In addition, the contribution would have the ability to be invested in securities as established by Public Act 149, which is basically the same as the Authority’s pension plan. These investment types typically have the potential for higher earnings than those limited under Public Act 2.

In addition to the funding mechanism for current benefits, the Authority may consider reducing the costs of postemployment benefits or requiring a co-pay policy. Although this may not be practical at this time due to current labor contracts and current retirees, it may require consideration for new hires. Ultimately the goal is to reduce the annually required contribution and the Authority’s liability for these benefits.

These examples are not intended to be all inclusive of the possibilities to begin pre-funding the Authority’s obligation for postemployment benefits but rather the most common examples that we have seen from other governmental entities.